

FINANCIALTIMES

France: fallout from Chernobyl stirs nuclear debate, Page 20

EUROPE'S BUSINESS NEWSPAPER

Tuesday May 20 1986

D 8523 B

Syria **'mother** ship for

World news

Plain in the log !

terrorists'

ist operations.

Mr Peres claimed President Assad was manipulating Palestinians as instruments in Syrian policy" to establish Syrian domination in the committee. Page 26

Mr Peres urged worldwide eco-nomic and diplomatic reprisals 2.2255 (DM 2.2110); FFr 7.09 (FFr against Syria, but was careful to avoid any suggestion that Israel Y168.25 (Y165.35). On Bank of Engwas contemplating military action against its neighbour, "It is not essential to take the weapons route,"

STERLING fell 0.75 cent in London

Weinberger tour

US Defence Secretary Caspar Weinberger, on the second stage of a four-country round of talks with Washington's European allies, said in Lisbon he hoped last month's US raids on Libya would convince Libyan leader Muammer Gadaffi that terrorism carried too high a price,

González in Moscow

Spanish Prime Minister Felipe Gonzalez, who led a successful campaign to keep his country in Nato less than 10 weeks ago, had talks with Soviet Prime Minister Nikolai Ryzhkov at the start of a four-day visit to Moscow, the official newsagency Tass said.

Sudan air deaths

A Band Aid charity worker and seven other people were reported to have died when their aircraft was

Palme inquiry

Sweden is expected later this week to set up a commission of inquiry into the assassination in February of Prime Minister Olof Palme.

Greens' strategy

West Germany's radical Greens party ended a four-day conference K-MART, the second largest US re-with a vote to make the abolition of tail store group, and Carter Hawley nuclear power the main plank in its Hale, the sixth largest US depart-1987 national election strategy, and ment store chain, both posted demanded the immediate closure of sharply higher fiscal first-quarter all 19 nuclear power plants in the country. Page 2 earnings, continuing a strong earnings trend already apparent in the retail sector. Page 21

Embassy sealed off

Nicaraguan police sealed off the West German Embassy in Managua, occupied by 60 Germans protesting against the kidnapping at the weekend of eight of their compatriots by US-backed Contra re-

Resignation offer

month for the replacement of the entire top echelon of Israel's bank management by today. Page 4

Supermarket robbed

Suspected left-wing guerrillas grabbed Es 20m (\$134,000) in an armed raid on a supermarket in the Portuguese resort of Cascais.

Spanish ports hit

Most of Spain's ports were brought to a halt by a dockworkers' strike called in protest against govern-ment plans partially to privatise the sector, the General Workers' Union

Treason sentence

Belgian Helene Pastoors, convicted in Johannesburg last week of trea-son for aiding African National Congress militants, was sentenced to 10 years in prison.

Cannes awards

took the Cannes film festival's top the US sincraft manufacturers, plan Prize, the Golden Palm Award for to make rivals to the projected new Best Film, for his epic The Mission. Airbus airliners. Page 7

Business summar; Europeans block Japanese TV system

No. 29,93

Israeli Prime Minister Shimon
Peres accused Syria of serving as
"the mother ship" for terrorist
groups and of maintaining an inteltionage materials in terrory.

CAMPAIGN for a revolutionary
Japanese system to produce highdefinition television programmes
has failed to win acceptance as the gence network to assist in terrorgence network to assist in terrorsingle world standard for the sharper, broader television pictures of
the future. The system failed to get

7.0425); SFr 1.8610 (SFr 1.8410), and Y168.25 (Y165.35). On Bank of Eng-

STERLING fell 0.75 cent in London STERLING fell 0.75 cent in London to close at \$1.5180. It rose to DM 3.3775 (DM 3.3725); FFr 10.7625 (FFr 10.7450); SFr 2.8250 (SFr 2.8075) and Y255.50 (Y252.50). The pound's exchange-rate index rose 0.1 to 76.1. Page 33

WALL STREET: By 3pm, the Dow Jones industrial average was 2.86 down at 1,756.94. Page 49

LONDON equities were buoyed slightly and the FT Ordinary index firmed 4.8 to 1.2943 ry 5 the F. 557 13 mir m lei 4? 4x 4. fr and the FT-SE 100 index added 8.2 to 1,573.1. Gilts found patchy demand. Page 40

TOKYO firmed despite an institutional shift to the sidelines. The Nikkei market average was 23.50 up at 15,697.53. Page 40

GOLD fell \$2.25 to \$341 on the London bullion market. It rose in Zurich to \$343.05 from \$342.05. In New York, the Comex June settlement was \$340.70, Page 32

shot down by rebels in southern Su-dan on Sunday.

UAE: Most foreign banks operating in the United Arab Emirates have reported sharp declines in their 1985 balance-sheet totals, Page 21

AUSTRALIA and New Zealand Banking Group said a 7 per cent fall in half-year earnings from A\$152.4m to A\$141.9m (US\$102.8m) was due in part to provisions against shipping loans extended by its Grindlay's subsidiary. Page 23

OCCIDENTAL PETROLEUM, the 12th largest US oil company, said it was cutting 2,000 employees from

GANNETT, the fast-growing regional US newspaper publishing and broadcasting group, is to acquire the Louisville Courier-Journal and Times from the Bingham family for about \$300m, Page 21

Another Israeli banker offered to resign, in the wake of the independent Beijsky Commission's call last slight dip in earnings during the nian electronics group, reported a slight dip in earnings during the second quarter, ending on April 30.

CHINA International Trust and Investment Corporation, the Peking-linked financial group that agreed in January to rescue Ka Wah Bank

of Hong Kong, has undertaken to secure the collectability of the bank's loan portfolio. Page 21 CIBA-GEIGY, Swiss chemical group, is setting up a joint venture with Sofina, the Italian state owned

finance group, to manufacture con-tact lenses. Page 22 CONTINENTAL Gummi-Werke

West German tyre and rubber prod-ucts group, said first-quarter earnings were significantly better after a 19.1 per cent rise in group turn-over to DM 1.12bn (\$500m). Page 22

KONISHIROKU Photo Industry, the Japanese maker of Konica cam-eras and U-Bix copiers, is seeking to take full control of Fotomat, the loss-making US chain of photografilm processing outlets.

British film director Roland Joffe BOKING and McDonnell Douglas

S. African attacks threaten bid for constitutional talks

BY ANTHONY ROBINSON IN JOHANNESBURG, PATTI WALDMEIR IN LUSAKA TONY HAWKINS IN HARARE AND MICHAEL CASSELL IN LONDON

raids as a plain violation of the

SOUTH AFRICAN strike aircraft and commandos yesterday attacked alleged guerrilla targets in Botswe-na, Zimbabwe and Zambia, jeopardising Commonwealth efforts to next month It is expected to advostart constitutional talks between blacks and whites in the Republic. Simultaneous raids against what in the Republic prove unsuccessful. South Africa claimed were facilities Sir Geoffrey Howe, the UK Forof the banned African Netional Congress (ANC) in the three Com-monwealth countries provoked international condemnation, and increased pressure for economic sanctions against Pretoria.

sanctions against Fretoria.

The seven-member Common-wealth "eminent persons" group, established to promote political negotiations between blacks and whites in South Africa, yesterday decided to cut short their visit in protest, and were due to return for emergency consultations at the Comealth Secretariat in London. Earlier in the day, the group, with representatives from Britain, Canada, India, Australia, Nigeria, Tanza-nia and Barbados, had met senior members of the South African Cabi-

Serious doubts were being expressed by Commonwealth officials yesterday whether the group would agree to return to South Africa for further talks, as originally planned.

The group was set up after the Commonwealth heads of govern-ment meeting in Nassau last Octo-ber, and was due to report back

cate economic sanctions against South Africa if its mediating efforts eign Secretary, was unusually outspoken in his criticism of the South African raids, as was the US Administration, which "vigorously condemned" them. Describing the

sovereignty of three fellow Com-monwealth countries," Sir Geoffrey told the House of Commons in London that it was "particularly deplorable" that they had taken place while the Commonwealth eminent persons' group was in South Africa eking to promote a dialogue. Sir Geoffrey said that Britain was asking South Africa for an urgent

explanation of its actions and that the British ambessador in Pretoria was seeking an early meeting with Mr Pik Botha, the South African Foreign Minister.

Lt Gen A. J. Liebenberg, chief of the South African army, said that "small elements of the army" had attacked ANC targets in Zimbabwe and Botswana, acting with the utmost caution to prevent citizens of our neighbouring states being in-

South African air force jets we used to bomb what Lt Gen D.J. Earp, chief of the air force, described as the ANC's *operational centre and department of information and publicity," some 15 km south of the Zambian capital, Lusa-

Mr Robert Mugabe, the Zimbabwe Prime Minister, told a news cooference in Harare last night that the South Africans bad attacked an office huilding in the city centre and an empty house in the suburbs.

No one was hurt.

Describing the attack – the first yet mounted by Pretoria – as "cowardly and unprovoked". Mr Mugabe said his country would "not be deterred from providing political, ma-terial and moral aid to the ANC. The international community, he said, should now impose comprehensive mandatory sanctions in order to isolate South Africa.

Mr Mugabe was not prepared to say that the Commonwealth group

Continued on Page 20 Botha appeases right wing, Page 4; Editorial comment, Page 18

Fuji and Isuzu link for US car, truck production

FUJI Heavy Industries and Isuzu

Motors, two big Japanese vehicle makers, are joining forces to pro-duce cars and trucks in the US in a Y30bn (\$373m) deal that breaks new ground in the Japanese corporate the result of

the high yen and its harsh effects on Japanese exporters, call for the establishment of a US-based joint venture company to make 120,900 cars and trocks a year by 1989. Japan's business community was stunned by the move yesterday be-

cause Fuji Heavy and Isuzu are unrelated companies and each is tied to the other leading car makers.

Nissan Motor holds 6 per cent of
Fujl Heavy's stock, while General

Top executives from both compa-nies acknowledged that the move to establish or increase car producwas unusual, but said it only reflect-ed the extraordinary situation Some analys created by the high yen. Japan's vehicle market will be glutted with

360,000 (1988) 1984 *240,000 (1986) 300,000 240,000 200,000 *120,000 • Includes trucks

US PRODUCTION OF JAPANESE CAR MAKERS

past year.

Fuji Heavy, which will own 51 per Fujl Heavy's stock, while General cent of the new company, said the Motors of the US owns 38.5 per cent decision to link up with Isuzu folof Isuzu. lowed unproductive discussions
Traditionally, Japanese joint ventures have emerged from companies related through cross-share
ownership or supplier-manufacturownership or supplier-manufacturer ties

The move is the latest in a string

Some analysis fear that the US

currency has appreciated by about cars by the end of the decade, with 40 per cent against the dollar in the production capacity well outstripping demand.

production (yr)

Fuji Heavy, which makes the Subaru sub-compact car, said yesterday that Isuzu complemented its own product line, as Isuzu specialised in commercial vehicles. It is Japan's top maker of small trucks and second largest in genera trucks. The location of the new plant has

yet to be decided, although the most likely site is the Mid-west of the US.

GM and Suzuki close to Canadian deal, Page 7

Bank of England lifts 'dividend'

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

UK Treasury by 55 per cent, claiming that Exchequer revenues will not be hurt by the cost of its controversial rescue of Johnson Matthey Bankers. According to the Bank's annual

report yesterday, this year's pay-ment amounted to £39.4m (\$59.2m), up from £25.3m last year.

The Bank says that is because its

But the Bank also brought back
into its profit and less account £7m earnings rose sharply. After exceptional items, the Bank made £106.3m profits in the year ending February 28. That compares with

£37.7m earned in the previous year when the bank had to set aside £34m to cover JMB'a losses.

The Bank has always claimed that the cost of the JMB rescue in October 1984 would be borne by its

THE BANK of England has in-creased its annual dividend to the who claimed that the Exchequer nance Company, a finance company would suffer in the end.

The higher profits also meant that the Bank paid more in tax to the Inland Revenue: £23m compared with £4.9m in 1985. The bulk of the Bank's profits -

into its profit-and-loss account £7m of loss provisions, set aside for JMB last year, but now considered unnecessary because of reduced estimates of JMB's bad loans. According to the latest estimates, the Bank's share of those will amount to £27m. A group of UK banks will make good losses up to a similar amount under an indemnity agree-

own banking department rather than the public purse. Yesterday's report repeated, that the payment boosted by £11.5m from the dispowas unaffected" by JMB, and was

it helped to set up in 1953. There was also a profit of £2.4m from other entities that the Bank Acquired in earlier rescue operations and is still managing, such as Slater Walk-

with £44m to transfer to reserves. up from the £7.5m it kept last year. The Bank yesterday said it had completed the sale of the bulk of Johnson Matthey Bankers to West-pac, the Australian bank, which began trading under its new name of Mase Westpac yesterday morning.

After tax, the Bank ended up

The report discloses that Mr Robin Leigh-Pemberton, the Governor of the Bank, was paid £90,085 last year, up from £85,095 the year before. There is one director in the £70,001-£75,000 salary bracket, and four directors and two employees earning £80,801-£85,000.

Soviet economic growth hits six year peak

By Patrick Cockburn in Moscov

SOVIET economic growth in the first four months of this year was higher than for any comparable period this decade. Industrial output was up by 6.3 per cent and productivity 5.9 per cent higher than the same period last year.

The pace of growth will cheer Mr Mikhail Gorbachev, the Soviet leader, in the aftermath of the Chernobyl nuclear power plant accident. He bas already said that the country needs at least 4 per cent annual economic growth to meet the competing needs of investment, con-

sumption and defence.

The figures do not yet show the results of the disaster on electric power or agricultural produce but those are expected to make little impact on underlying growth in in-dustrial output of about 5 per cent a year. After allowing for poor weather at the start of last year.

The 6.3 per cent rise in industrial output between January and April is 2 per cent ahead of the plan for 1986 and growth has been particularly strong in gas and coal. The oil industry, a subject of deep concern for Soviet economic planners over the past year, produced 199m tonnes of crude and condensate which is only 3m tonnes below plan.

Part of the increase in growth can be attributed to a shake-up in top ministers and management since Mr Gorbachev came to power, together with a reorganisation of many of the ministeries – notably agriculture, beavy engineering and energy – to hring them under the authority and control of a single bu-

Gas output, the bright spot in the Soviet economy in recent years, at 228bn cubic metres, was 7 per cent up on the same period last year. Coal production, recently lagging because of slow development of opencast pits in Siberia, grew by 5 per cent to 258m tonnes this year, 8m tonnes above plan, with half of it more valuable coking coal. The Energy Bureau headed by Mr Boris Shcherbina, now in charge of the commission investi-

gating Chernobyl, is pushing to finish the new Yamburg gas fields and the pipelines to the European parts of the country this year. Total cost is put at 9bn-11hn roubles (\$13bn-\$16bn) and the burean is trying to increase the amount of sate produced from gas to make up for the drop in oil output.

Continued on Page 20 Chernobyl disaster highlights fears over satellites, Page 3; French nuclear debate, Page 20

Crude prices climb above \$15 a barrel

CRUDE OIL prices rose above \$15 a barrel on the North Sea Brent market yesterday – about \$1 higher than at the end of last week and more than 50 per cent above their lowest point at the beginning of

Traders were generally puzzled by the sharpness of the rise, which most attributed to temporary shortages of crude oil in US refineries resulting from increased demands for beating oil and petrol, and some technical factors.

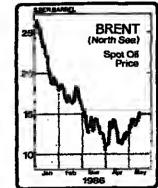
Spot Brent crude was quoted at \$15.45 per barrel and on the New York Mercantile Exchange, light crude oil for June delivery was quoted at \$16.68 per barrel in early trading, a rise of 50 cents since Fri-

day.

The Sun Company, one of the largest independent oil companies, took advantage of the firmer prices to announce that the posted price at tinning Iran-Iraq war and the Libywhich it would buy crude was an crisis bad created uncertainties raised by \$1 per barrel to \$15. This about supply. At the same time US is the highest price posted by any demand for gasoline was substanis the highest price posted by any US company. Most are in the range from \$13.50 to \$14 per barrel.

In spite of the recent rise in spot mand for crude suggests that the market for crude remains funda- to the market. mentally weak.

Mr Joseph Stanislaw, oil analyst for Cambridge Energy Research



Associates, the US consultants, said there were three reasons for the recent rise in prices. The Chernobyl nuclear reactor accident had belped to shift market sentiment towards oil as an energy source. The contially higher than at the same time last year.

However, he believed prices oil prices, many analysts believe the broad picture of supply and de-the broad picture of supply and de-\$10 a barrel level which bad been established as a psychological floor

Continued on Page 20 Commodities, Page 32

\$ feels benefit of Japanese support

BY GEORGE GRAHAM AND WALTER ELLIS IN LONDON

THE DOLLAR recovered yesterday technical grounds, the dollar now to its highest levels since the recent seemed to be heading back to the world economic summit in Tokyo, level of Y170, but after the close of before slipping back again in early the London market it fell back in New York trading.

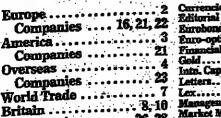
Intervention by the Bank of Japan in support of the dollar added to dealers' nervousness in the wake of comments from US officials sugwarned that the "yellow light" was cent months.

The dollar rose in Tokyo to close against the yen at Y168.15, the first cies. The pound closed in London time it had closed above Y168 since against the dollar at \$1.518, a loss of May 2. Further gains were made in % cents from Friday's closing price. Europe, although trading was quiet it gained % plennig against the D-with many centres closed for the Mark to close at DM 3.3775. Whit Monday holiday. Some dealers speculated that on

New York.

US currency's decline. Mr Gerald day's close. By lunchtime in New Corrigan, president of the Federal York, however, it had slipped to Reserve Bank of New York, bad Y166.95 and DM 2.2085. Sterling remained flashing over the dollar's fall in re- throughout the day, falling slightly against the dollar but regaining

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America 3 Enro-options Letters.....

South Africa: Botha seeks to UK: truce in teachers' pay

Management: US small-busi- Lex: United Scientific: Dixness administration 12 ons; Associated Foods 20 Technology: magnetic chip France: doubt over nuclear Editorial comment: South Milan bourse: settlement Africa: commercial paper 18 questions linger 22 CAP: new solution to budget Ghana:

Communist

dropped

of party

from title

GRESCES and Seriesareaunist Party (EK hiterate) has decided at ter 18 years on the political tringe to drop the word Communist from its lifle and Marshan Leminum from its histological charter and reconstitute inself as a broader party of the left, which would hope to attract voters disappointed with the ruline Socialists.

ruing Socialists.

The decision to form a new party was adopted with a 54 per cent yes vote in a heated national conference which ended in Athens in

the early hours of Monday morn-

A counter proposal by the KK-in-

Spain's right-wing opposition unveils election programme

plans to combat terrorism and drugs are among the main points of the election pro-grammo released yesterday hy

Spain's priocipal opposition group, the Popular Coalition.
The coalition, made up of Mr Manuel Fraga's Popular Alliance, the Christian democrat PDP and one of Spain's two so-called liberal parties, is fighting to keep the lion's share of the right-wing vote in the general election on June 22.

The programme calls for the sale of nationalised companies which compete with the private sector, in order to bring in funds to the Treasury and reduce subsidies. Specifically, it proposes reprivatisation of

It takes a leaf from the hook of the French centre-right Government in proposing to privatise the second national television channel. But in another field which bas sparked controversy in France — the liheralisation of redundancy liheralisation of redundancy is made to "the re-establish-laws — the programme is ment of Spanish sovereignty-curiously discreet. It refers over Gibraltar, with full respect simply to reviewing labour laws for the peculiarities of its popu-in order to bring them into lation, including political ones."

MORE EXTENSIVE privatisa- line with the rest of the EEC tion. lower taxes, reduced end to giving small and government spending, support medium-sized companies em-for small companies and special ployment conditions that favour ployment conditions that favour

> The coalition calls for the freeing of capital movements (which the Socialist Government is moving towards), an overhaul of the whole social security system (which the cur-rent administration has put off) and a reform of the civil ser-

On Spain's position in the EEC, it criticises "bad entry terms," proposes "permanent negotiation" and argues for "maximum prudence" over giving up veto rights in Community decision-making.

In the wake of the March referendum on Nato, it calls for an active Spanish presence in state-owned electrical utilities, and a private-sector majority in the state-controlled nuclear fuel company, Enusa.

all of the alliance's information and deciaion-making forums. However, the programme stops abort of the position taken by the Popular Alliance in a policy document last year, which said Spain should negotiate its full integration into Nato in exchange for concessions Gibraltar.

Only a perfunctory reference

Lisbon ponders fate of state chemicals group

BY DIANA SMITH IN LISBON

THE PORTUGUESE Governwith the huge state chemicals and fertiliser conglomerate Ouimigal, which made a loss of Es 10.9hn (£48m) on sales of Es 66.1bn last year. The corporation's energetic

efforts to improve its finances, reduce overmanning and re-negotiate part of its debt bave had eocouraging results. But the Government, intent on trimming ao unwleidy public sector
created hy arbitrary nationalisations in 1975, seeme reluctabt
to let its structures go uotouched. The option seems to
lio between turning Quimigal
into a holding company with
Es 16bn or 24 per cent of sales,
while raw material contracts to let its structures go uo-touched. The option seems to lio between turning Quimigal into a holding company with restructured offshoots (favoured by some senior management) or breaking it up into several specialised companies. Quimigal makes 82 different products.

In the 1970s Quimigal invested in expensive operations like fibreglass and pyrite pelletising that did not pay off. It bas now shut these down and reduced its employees from a peak of 11,550 in 1980 to 9,500 at the end of 1985.

Geral de Depoaitos (national savings hank), aod Banco de Fomento Nacional (national development hank). that consolidated a Es 17.5bn debt through immediate repayment of Es 6.5bn and repayment of the remainder over seven years

When Quimigal was created in 1975 by nationalisation and the merger of three enterprises, CUF, Nitratos de Portugal and while raw material costs rose by 776 per cent and labour costs by 661 per cent in the

Quimigal achieved an 8 per cent increase in sales at home last year and 18 per cent abroad, as well as better pro-

ductivity.

It is seen as an enterprise that can be viable and profitable. in the long run if It is given the end of 1985. modern management and To ease pressure on its operating structures, and if it finances the company has made develops its own resources to agreements with its two main invest in new equipment for Portuguese creditors, Caixa profitable products.

Insurance premiums rise 5% in volume worldwide

miums went up hy some 5 per cent in 1984 to more than

business is seen as having risen to about \$498bn. Off-shore pre-miums amounted to an extra \$6bn, about half of which went into Bermuda "captive" insurance companies, owned by non-insurance firms to cover part of

exchange rate remained at the

By sector, the most important growth was that of 7.7 per cent in dollar terms in life assurance premiums. the pro-perty-casualty (non-life) busi-ness growing by only 3.1 per

W. German Greens call for nuclear shutdown

By Peter Bruce in Sonn

WEST GERMANY'S radical Greens party ended probably its most harmonlous annual conference in recent years in Hanover yesterday with ringing threats to the country's nuclear industry.

The party, correctly measuring the scale of public unease here following the Chernobyl reactor disaster, and returning to its own environmentalist roots, passed a tough resolution designed to force the closure of nuclear facilities in the stato of flesse, which it governs with the Social Democrats (SPD).

Similar resolutions were similar resolutions were adopted to force closures in the state of Lower Saxony, where the SPD will probably bave to govern with the Greens after next month's state election, and forcing nationwide closures as a condition of Green co-operation should the SPD need it in order to form the next Federal Government after the Federal Government after the general elections in January

general elections in January 1987.

The decision on Hessen could be very difficult for for the SPD. The Hanover conference instructed the state's Greens to leave the coalition if concrete steps towards closing unclear facilities had not been taken by the end of this year.

This could embarrass the

This could embarrass the SPD at a crucial phase in the general election. Also the inture of nuclear power in West Germany has become the hurning issue of the Lower Sarony election, forcing the SPD to promise a gradual nuclear with-

In splte of the unity displayed on nuclear power, the Greens conference seems to have falled to tamper sig-nificantly with policies which tend to allenate the more conventional West German

voters.

Demands for a withdrawal from Nato were repeated and rontinely adopted and a resolution calling for a drastle reduction in the length of national service, until the Bundeswehr cauld be abolished, was passed. In fact, said the resolution, the reduction in national service could serve as a means of dissolving

serve as a means of dissolving the military.

In a series of economic policy resolutions, the converses, which observers say marked a strengthening of power for fundamentalist Greens opposed to collaboration in any form with the other established parties, agreed on measures to topple the car as as the country's the car as as the country's leading means of transport, and to an "ecological renovation of the economy."

Petrol should be more heavily taxed, the conference agreed, and the rail system should be expanded in order to wean people off their cars. One small victory for the party's "realist" wing, how-ever, was agreement to alter the rules of rotation, allowing olected stato and federal MPs to sit for four instead of two years at a time.

Although the Greens have been able to make good political capital out of the Chernobyl accident, especially in Lower Saxony, television coverage of violent weekend demonstrations at the site of a planned nuclear reprocess-ing plant in Bavaria may well bave turned voters off the more strident calls for an end to nuclear power.

In easily the bloodiest attempts to stop the plant being built near Wackersdorf, more than 1,000 of the 20,000 demonstrators at the site classical with police throughout the weekend and again yesterday, a holiday in West Germany. Some 300 people were reportedly treated for injuries. Police treated for injuries. Police said they had been attacked with molotov cocktails, slings

ATHENS TRYING TO SETTLE DISPUTES WITH ANKARA

Greece uses EEC lever on Turkey

BY MAGGIE FORD

portunity offered hy Turkey's desire to reactivate its relationship with the European Community as a way of trying to settle difficult bilateral disputes. Athens has made its position

clear following pressure from Ankara for a revival of its Association Agreement with the EEC, signed in 1962 hut frozen in the wake of the 1980 military coup.

Before the agreement can be reactivated, the signatures of Greece, Spain and Portugal, which have all joined the EEC since the freeze was imposed, are needed, but there is no formal ohligation for any country to sign.

While Greece claims that it bas

no wish to introduce bilateral disputes into the EEC areoa, diplomats in Brussels say that the politi-cal pressures at bome oo the government of Dr Andreas Papandreau Survival

in huge

cities of

By David White In Madrid

HOW WILL mega-cities in develop-

ing countries be able to provide services for populations higger than

were ever conceived of in the urban

centres of the industrialised world?

This planner's nightmare is at the centre of a conference being staged this week in Barcelona under the

auspices of the UN fund for Popula-

tion Activities and hringing togeth-

er representatives of 45 cities,

principally in Asia and Latin Amer-

ica, as well as international organi-

The reason for focusing on urban

population problems is starkly

fael Salas, the fund's Filipino execu-

tive director. By the year 2025, Africa is expected to have three times

as many urban dwellers as North

America, and twice as many as Eu-

With the majority of the world's urban population living in Third World countries, the relationship between large cities and economic development is being broken, Mr

Salas says.
Saince 1970, Mexico City, TokyoYokohama and Sao Paulo have
overtaken New York in size. By the

calcutta are expected to do so too.

There will then be six "Supercities" with populations of 15m or more. London, which in 1970 was the world's fourth largest city, will

oot even be in the top 20.

ed to be more than half urban.

at some 2.5 per cent a year, and 3.5

per cent in developing countries. At

this rate it doubles every 20 years.

birth rate than from migration, by a ratio of 2:1. Attempts to control mi-

gration have in any case proved costly and have on the whole been

unsuccessful, Mr Salas argues,

placing the emphasis on policies to

This emphasis has already brought the fund into collision with

the Reagan Administration, which

last year withheld a \$10m instal-

ment of its contribution because of charges that China was enforcing

coercive abortion and compulsory

sterilisation. The US is not repre-

sented at this week's congress, in which the largest presence is Chi-

reduce fertility.

An

island of civility

in New York

In the heart of the citythe lap of luxury. With 57th Street shopping,

theatres, Central Park and major corporate

offices just outside our majestic mirrored

arcade. And our 24-hour concierge and four-star

restaurant within. Take

HOTEL PARKER MERIDIEN

118 WEST 57TH STREET, NEW YORK U.K. Tel: 441-439-1244

heart. Take refuge.

The growth comes more from the

rought out in a report by Mr Ra-

future

the agreement can be signed.

Greek concern focused oo two The question of air and sea navigation rights oo the Agean Sea. The dispute over the blocked as-

sets of Greeks formerly living in Is-tanhul. Greece claims these amount to \$200m at 1984 prices and wants agreement on their release. The first issue, which has caused a number of flare-ups during naval manueuvres, has already been discussed under the auspices of Nato,

of which both countries are mem

ropean Commission has the competence to bring up the second issue under the non-discrimination clause of the original Association

According to the Greeks, the Eu-

Diplomats say Athens is not ne-

GREECE has decided to use the operate such that some concessions cessarily looking for a solution to

On December 1. Turkish workers portunity offered by Turkey's defined to win the right to be treated to the concessions. ress is required before it will agree to Turkey's request for a reactivetion of the EEC agreement.

The relationship between the two countries, prickly and suspicious at the best of times, appears to have been soured already in the EEC context. Diplomats in Brussels say that when Mr Halefughu, the Turkish Foreign Minister, wrote to the member states shortly after the ac-cession of Spain and Portugal, no letter was received in Athens, pro-

voking a complaint.

The letter was reported to comtein a request from Turkey for a meeting of EEC Foreign Ministers, without agenda, to approve the reactivation of the relationship. West Germany's attitude is co-loured by the sensitive question of workers within the Community.

from other member states, and Bonn, which plays host to Lim of the total 19m Turkish workers in the EEC, wishes to renegotiate

Turkey has, however, made sime progress in its efforts to win concessions. Earlier this month a new sions. Earlier this month a new agreement was resched on the sore point of textile expirits to the Com-munity, under which Amiana will receive higher quotas and an oppor-tunity for growth over the next

the Association Agreement in order to win better access to the EEC's market, to receive the Ecu 850m (5643m) in aid blocked when the egreement was frozen, and to demonstrate that they have established an internationally acceptable

A counter proposal by the fits interior sensitary general, Mr. Yiannis Bantas to preserve the party's
Commiss profile, was defeated.
A vote for a new secretary general is expected to take place this
week, with Mr. Leonidas Kyrkos,
the party's president and the rhief
aposile of change, considered the
likeliest candidate. The KK-Interior was created in

the aftermath of the 1968 Soviet invasion of Czechoslovakia, wigen Greece's Communist Party split into two wings, one remaining faith-ful to Moscow and the other taking a Eurocommunist line.

The two Communist parties fought the 1974 elections, the first after the collapse of the Greek mil-tary dictatorship, in an informal temporary alliance which ston 2.5 per cent of the vote. Since 1977 the Eurocomm

have run separately, never going above about 3 per cent in a national election, but doing slightly better in European elections. They secured one seat in Greece's

300-member parliament with 1.84 per cent of the vote in general elections last June.

Palme murder hunt inquiry

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH Government is ex- chief prosecutor who has worked . pected later this week to set up a closely with the case, that Stocksassination in February of Mr Olof the legal rights of one suspect. Palme, the Swedish Prime Minis-

Police appear to have made little and are facing mounting criticism for their conduct of the murder

The directive for the commission has been under preparation over the weekend and one of the main is- for the resignation of both Mr Hans sues it will have to address is how Holmer, the Stockholm Police Chief. police tackled the investigation and Mr Sten Wickborn, the Justice since Mr Palme was shot in a cen- Minister. tral Stockholm street on February

commission of inquiry into the as- holm police had seriously violated A 33 year old Swede appears to be the police's prime suspect for in-volvement in the killing, but accord-

progress in the search for the killer ing to Mr Svensson, the man could have been ruled out of the investigation at a much earlier stage if poe had not impeded the prosecu-Lawyers for the man have called

At the weeked the chief prosecu-

28.

Criticism of the police reached a and that he would be replaced by new pitch in recent days following a Mr Claes Zeime, the semior Stockclaim from Mr K. G. Svensson, the holm prosecutor.

"I have taken over because the co-operation between Holmer and K. G. Svensson was not working and could not continue." Mr Zeime

In March the suspect was held in detention for several days before being released because Mr Svens-son decided that there was no basis on which to press charges. In recent days the police have insisted that the suspect have several

additional interviews with eye-witnesses to the murder, despite objections by the chief prosecutor. Mr Svensson said on Friday that he welcomed the early setting up of

"It is necessary to have a compre hensive inquiry into this issue of le-gal rights as soon as possible.

a commission of inquiry.

Polish church urges radical economic shift

POLAND'S POWERFUL Roman would accompany such an Catholic Church has indicated attempt at improved efficiency that it sees action to introduce radical market-orientated reforms as the only solution to the country's intractable economic. problems. It has also suggested that the Government could count oo church support in calming the inevitable discoutent arising from growing income differentials which

throughout the economy.

The offer comes in the latest issue of the Krakow based Catholic weekly, Tygodník Powszhny, in an article by Mr.

church approval, lists the questions which would have to be resolved if the church were to become involved in any shift to a more efficient economy.

the church's publishing activi-ties, and permission for its aid to agriculture scheme.

Mr Siwek calls on the authori-ties to widen the debate on the Catholic weekly, Tygodnik Powszhny, in an article by Mr
Slawomir Siwek who has been acting as a spokesman for the church as well as for its charitchurch's aid to agricultural able activities, no discriminaschemes. Mr Siwek, whose article must have received top ing permission as well as in his supporters and advisers. future of the economy to include "people who credibly represent public opinion"-a veiled reference if not to Mr Lech Walesa himself then to

Doubt over talks on jailed French agents

THE FUTURE of negotiations negotiations had been broken

in cities is now 40 per cent and is expected to pass the 50 per cent between France and New Zealand over the release of two French agents for their part in the hlowing up of the Greeo-pesce boat Rainbow Warrior mark early next century. Latin America is already more than 70 per cent urban. In 40 years time, south and east Asia and Africa are expectwere thrown into some confusion yesterday by conflicting statements from Mr Devid Lange, the New Zeland Prime Minister. While world population growth as a whole is gradually slowing down, urban population is still expanding

Mr Laoge announced that

off as a result of French trade curbs on New Zealand and in apparent irritation at remarks

by Mr Andre Giraud, the French Minister of Defence. Mr Giraud said that negotiations with New Zeland were at a "delicate" stage and that before making further com-ments it was worth waiting "a

few days or a few weeks"

before the return of the French that preliminary talks had agents. Mr Lange took these remarks to mean that the "Rainbow Warrior affair could be settled without too much problem. This is not the case," be sdded.

But in a separate statement Mr Lange also confirmed that diplomatic contacts between France and New Zealand would have in releasing tha two be maintained. He confirmed French agents.

taken place in Geoeva.
In practice French curbs on New Zealand imports have been relaxed substantially as New Zealand diplomats in Paris have confirmed. Mr Lange's burst of anger seems to reflect the domestic problems he could

BY JOHN WICKS IN ZURICH WORLD INSURANCE pre-previous year's level, the in-miums went up hy some 5 per crease would have been as cent in 1984 to more than much as 11 per cent.

\$500bn, according to estimates

The same strength of the by Swiss Reinstrance Company.

dollar in 1984 led to the North Premium vokume in the 55 doing in 1984 feu to the Norm countries (excluding the East premium increasing to 54 per bloc and China) which account cent. A further 19.7 per cent for ahout 99 per cent of total was accounted for by EEC business is seen as having risen countries and 14.8 per cent by Japan.

The company says growth was much more marked in terms of local currencies. Had the dollar made up 56.5 per cent of the total, however.

Home-made bomb defused

EXPLOSIVES experts yesterday made safe a small, home-made bomb found at a nuclear energy research organisation, in The Hague,

ing wires and a time-clock, at the of-fices of Neratoom NV, after a group calling itself "The Red Revolutionary Front telephoned a warn-

the device and neutralised it in a small, controlled explosion. He was unable to estimate the exact size of A spokesman at the Neratoom of-

fice said that Neratoom NV was an independent research group in the field of nuclear power generation.

FINANCIAL TIMES

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Reuter reports. Police found the package, includ-The spokesman said experts took

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AMERICAN NEWS

Peter Marsh reviews the debate over the sale of sensitive commercial satellite information

Uphill task for Reagan on Saudi arms sale

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THE RESERVE THE PROPERTY OF THE PARTY OF THE

By Reginald Dale, US Editor in Washington

PRESIDENT Ronald Reagan

PRESIDENT Ronald Reagan has made some progress in his bid to save bis beleaguered \$354m arms sale to Saudi Arabia, rejected by Congress earliert his month, but his task remained "very difficult," the White House sald yesterday.

Mr Larry Speakes, the White House spokesman, said thai Mr Reagan would almost certainly veto the congressional resolution opposing the sale of sophisticated missiles today or tomorrow. Mr Reagan, however, still faced ao uphill struggte to change emough mlnds in the Republican-led senate to overturn the votes in both houses blocking the sale by substantial earliert his month, but his task remained "very difficult," the White House sald yesterday. Mr Larry Speakes, the White House spokesman, said that Mr Reagan would almost certainty veto the congressional resolution opposing the sale of sophisticated missiles today or tomorrow. Mr Reagan, however, still faced as uphill struggte to change exough minds in the Republican-led senate to overturn the votes in both houses blocking the sale by substantial majorities.

The votes constituted the first tima in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal in history that Congress has rejected a proposed presimal control in the death of the children which is such as the KH-II craft which swoops over the North and South poles, covering a different swathe of the user broughly every 90 minutes and from an altitude of between the agencies supplement this transmont. It is virtually certain, though not officially admitted, that the agencies supplement this transmont with pictures of the virtually admitted, that the agencies supplement this transmont with pictures of the virtually activities. But they—together available to anyone.

It is virtually certain, though not officially admitted, that the agencies supplement this transmont with pictures. But they don't have the world irresponsibly.

According to the world irresponsibly.

According t

trating on the Senate, which pictures of the ground with a voted 73 to 22 for the resolution of 10 metrcs, better voted 73 to 22 for the resolution blocking the sale, in the hope that he can sustain a veto of the resolution, allowing the sale to go through. To be sure of sustaining a veto, he needs 34 of the chamber's 100 votes, a figure that tha White House admits he is still some way from achieving.

admits he is still some way from achieving.

Presidential vetoes can only be overturned by two-thirds majorities in both houses—a target that appears easily obtainable by the deal's opponents in the Democrat-controlled House, which voted against the sale by 356 to 62.

Advocates of the sale argua that US credibility with moderate Arab states will suffer a devastating blow if tha deal devastating blow if the deal fails. Yesterday, Senator Richard Lugar, the Republican chairman of the Senate Foreign Relations Committee, said that without the arms sale, the Middle East peace process would be "dead in the water." Opponents, however, argue that this is in fact already the case, largely thanks to the failure of countries like Saudi

Arabia to give strong enough backing to peace efforts. Administration officials complain that a number of recent events have unleashed a pent-up reservoir of anti-Arab feeling on Capitol Hill which could threaten the entire future of US relations with the moderate Arab countries. They say that members of Congress are indiscriminately associating all Arabs with terrorism and feel much more free to vent their feelings now that Opec has collapsed and the US is much party and from five supporting less dependent on Middle East

The White House is afraid that if the sale is defeated, Congress will next try to block delivery of the first of the five Awacs airborne warning and control system aircraft already bought by the Sandis.

cent of the vote.

The left-wing Dominican Liberation Party (PLD).

headed by Mr Jnan Bosch, had won 351.749 votes (18 per cent).

Mr Bosch has already conceded that his long-time opponent, bought by the Sandis.

Commercial spies in the sky raise political fears THE CHERNOBYL nuclear disaster has thrown the spot-light on the application both of

civilian and military reconnaissance satellites in monitoring such events—and bow the nar-rowing distinction between the two types of space vehicle may cause political problems in the future. US US iotelligence agencies have obtained pictures of the catastrophe with military spy satellites such as the KH-11 craft which swoops over the North and Sayth pictures.

will sell its pictures to anyone with ready cash. A computer tape containing information in digital form about a 60 km by 80 km area of the world sells for \$1,400 (£903).

This has led to fears, expressed particularly by the Sovlet Union and other Eastern bloc nations, that aensitive

bloc nations, that aensitive information based on space snapshots of countries' terri-

Dr John Steinbruner, director of foreign policy studies at the Brookings Institution in Wash-ington, thinks that concern over such use of satellite data may be legitlmate.

"Satellite pictures which "open skies" agency to hand out their customers and intelligence could locate the positions of to the world information both agencies are tightlipped over heads of state or critical mili- from civilian and military their sources of information.

tary leaders could present problems," says Dr 5teinbruner. Sucb information could be used by ecemies of a particular country's rulers to overthrow its

government.
To clarify matters, Dr Steinbruner would like a set of international rules to sort out the distinctions between civilian and military satellites. The rules could safeguard individual countries' rights obtaining data obtained of their territories from satellites.

These arguments are dismissed by other observers in the West who say that the flow of information from civilian photographic satellites should be inhibited by as few barriers

as possible.

"The activities of Spot Image are a good thing." says Admiral Stansfield Turner, director of the US Central Intelligence Agency (CJA) from 1977 to He says that with the increas-

ing availability of space snap-shots the world should become safer. "No generel in the world will be able to get away with a surprise attack," according to the admiral. Admiral Turner has clashed with his former colleagues in

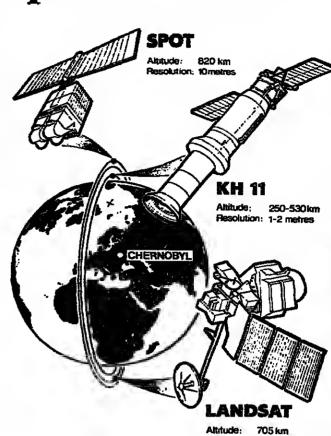
the intelligence community by pressing for more openness in disclosing information from military satellites. He would like the US to set up its own

cised pictures from its spy craft immediately after the start of the fire at Chernobyl on April 26 rather than wait for several days, the admiral argues that lives in Eastern Europe could bave been saved and worldwide demand for information satis-

fied. How useful are pictures from civilian satellites to mulitary intelligence authorities? The snapshots from the civilian craft are still some way from matching those from spy

which the US has one in orbit instead of the more usual twoare reputed to ba able to spot
objects of 1.2 metres in
diameter, about the size of a
dustbin lid. The US periodically sends into orbit more
powerful "close look" vehicles
However, military satellites
do not provide cootiouous
coverage of the earth's surface.
Even though the orbits of times

Even though the orbits of diese To provide extra information about events such as Chernobyl it is therefore extremely likely that intelligence officials supplement data from other sources by taking advantage of commercial services offered by Eosat and Spot Image. This is difficult to substantiate, how ever. Neither Eosat nor Spo Image discuss the identities of



Resolution: 30 metres

Occidental to cut workforce by 2,000

OCCIDENTAL PETROLEUM, the 12th largest US oil company in the US, said yesterday it was cutting 2,000 employees from its payroll in order to reduce its 1986 budget, Reuter reports from Los Angeles.

The company said it now expects to spend \$950m (£623m) this year, down an additional \$150m from the budget announced to March and down 35 per cent from its original budget of about \$1.5bn.

The jobs are being lost as a result of the merger of its recently acquired MidCon and United Gas Pipeline units.

Mr Armand Hammer, the chairman, said the reductions complete the third step in a plaoned programme in response to lower oil prices and to con-solidate its MidCon and United Gas Pipeline operations with its Cities Service subsidiary.

The job reductions are in addition to 400 jobs eliminated from Cities Services in September 1985,

Lower oil prices, which bad dropped well over 50 per cent to about \$10 a barrel for the benchmark US crude, before recovering to about \$16.50, have resulted in sbarply lower early the price of the pri ings for most of the nation's oil companies, many of which have also announced staff reductions.

Fraud claim in Dominican

seems likely to be a victory for Mr Joaquin Balaguer, the 78-year-old blind leader of the right-wing Reformist Party (PRSC). The electoral process bas been given full backing in public statements by the armed forces and by an independent committee monitoring the elec-

toral process
So far, Mr Balaguer has
mustered 799,968 votes for his
own party and from two other small-supporting parties. This

parties, equivalent to 39 per

Republic poll

By Robrt Graham in

MR JACOBO MAJLUTA, presidential candidate of the ruling Dominican Revolutionary Party Ommican Revolutionary Party (PRD), was yesterday desperately trying to prevent electoral defeat by claiming malpractice in the counting of Friday's poll.

Mr Majluta's claims could delay the outcome of the Dominican Republic's presidential election, but the result still seems likely to be a victory for

represents just over 41 per cent of the 2m votes cast. Mr Majluta has accumulated

Cuomo to stand again for

of Democrats most frequently seen as contenders for the party's presidential nomination in 1988, said yesterday he would stand for the governorship again in the election at the end

Democratic Party strategists and advisers to Mr Cuomo are said to have had mixed views about whether it would be better for him to mount a run for the presidency from the governor's office, or to retire from office and devote himself to campaigning around the

The Governor, an electrifying speaker who solidified his reputation with an emotional speech at the 1984 Democratic national convention, has been careful to create a certain amount of ambiguity over his

cratic presidential candidate.
This leeves open the possibility
that he might be drafted by the
party or persuaded to stand at
a later date. Governor Cuomo's a

New York governorship

GOVERNOR Mario Cuomo of Governor means that it is diffi-New York one of the handful cuit "to turn around in time of Democrats most frequently and run a credible race for the presidency," but he has never ruled himself out as a Demo-

> ment of his decision to seek a second term was contained in a second term was contained in a letter to the chairman of the New York Democratic com-mittee in which be tabulated the achievements of his first

His brand of socially-oriented politics remains popular in the state, and be is universally acknowledged to be one of the most persuasive and well-briefed political performers on television in the US, combining tentions.

He has said that running for skills of a professional lawyer.

US cabin staff union offers to end TWA strike BY TERRY DODSWORTH IN NEW YORK

THE US cahin staff union the company \$30m, along with which has staged a 10-week work rule changes it values at strike against TWA, the transstrike work work to posal from the latest pay proving striking members back to posal from the airline is due to the transfer of the posal from the airline is due to the transfer of the posal from the airline is due to the posal from the posal from the airline is due to the posal from the p

The proposal follows a new the II pay offer from the company, details of which have not been revealed. Ms Vicki Frankovich, President of the Independent Federation of Flight Attentions (IEEA) said masterder.

Federation of Flight Attendants (IFFA), said yesterday the union was offering to get the attendants back to work even though a "contract dispute very much exists."

This change in strategy by the union follows weeks of on-and-off negotiations between the two sides over TWA's demands to cut the flight attendants pay by 22 per cent and make work rule changes worth around \$100m.

The union is apparently trying to force the company to take back striking hostesses rather than risk the accusation of locking out employees belonging to the legally contracted bargaining unit.

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worth around \$100m. had bired \$.000 new hostesses
The union had previously since the dispute began, while agreed to a 15 per cent salary a further 1,300 union members cut which it claims would save had crossed the picket lines.

Voting on the latest pay proposal from the airline is due tomorrow. In the meantime, the IFFA says it is offering to send strikers back to work to take away TWA's continuing threat to replace tha work force with lower paid 19-year-old

had bired 3,000 new hostesses

"I'd like to know where the apanese are putting their money."

Wales has one of the largest concentrations of Japanese manufacturing investment in Europe. The Japanese are highly impressed by the hard-working people and the pride taken in 'doing a good job.' They also like the close links between the universities and local industries and the well-developed communications network. Perhaps the made-to-measure financial packages and the wide choice of greenfield sites have something to do with it, too. And dare we say it? Wales has 117 golf courses, 3 National Parks and 4 areas of 'Outstanding Natural Beauty' - that's a total of some 11/4 million beautiful acres all important to the Japanese who like to play hard as well as work hard. Dial 100 and ask for Freefone Wales or send off the coupon.

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Sri Lanka snubs India as battle rages for Jaffna

AN UNCOMPROMISING diplomatic reply to the Indian Govarnment a day after Sri Lankan forces launched a major offensive in the Tamil northern peninsula is being read by Western diplomats in Colymbo as a clear signal of a "dan-gerous India-Sri Lanka collision

on Sunday, Sri Lanka's High Commissioner in Delhi called on Mr P. Ghidambaram, India's Union Minister for Personnel Administration and told him that "unless the Tamil leaders came forward to discuss the latest Sri Lankan proposals" for a negotiated settlement, there was no purpose in pro-viding the Indian Government with the "clarifications and amplifications" New Delhi had sought from Colombo.

Mr Chidambaran was Premier Rajly Gandhi' special envoy to Sri Lanka earlier this month, After five days of talks, his delegation returned to New Delhi with a package of proposals on devolution of powers to proposed provincial councils. While India expressed satisfaction at "some advances" on the overall structure of devolution and on the vexed issue of land settlement, it sought clarifications on a basic constitutional point and on the aensitive question of law and order powers to be vested in the

on the fierce fighting in the north over the weekend. But official statements continued to speak of a "routine turnaround of troops."

However, the Joint Operations Command in Colombo said yesterday that the army had had to launch a major Maj Gamini Balasooriya of assault because separatist the Joint Operations Command rebels had blocked troop movements, especially to Palaly air-port and to the Karainagar their camps yesterday, where naval base where aircraft and thay bad been besieged for ships were awaiting to bring months by rebels. They were



stood to have been minad, and the Peninsula is almost cut off in a preventive counter mova by the militants who bad antipated the offensive. Troops, who were under furious attack by the rebels, had to fight every mile of the way to advance or to return to their bases.
Thirty rebels had been killed while three soldiers died and a dozen were injured in tha battles. Throughout the week-end telephone communication between Jaffna, the northern

capital, and Colombo were

Yesterday's newspapers in Colombo. Used the term "major military offensive" in reports on the fierce fighting in 41day. Against heavy rebel resistance troops were making very limited progress in a three-pronged approach on main roads to Jaffna, the Defence Ministry said in a statement about weekend fighting. Journalists are barred from visiting

the area. told reportars at a briefing that the troops home. clearing land mines from roads
All the main roads are under-

Taipei demonstrators call for end to martial law

with clubs ringed a Buddhist to form new political parties, temple in Talpei yesterday are suspended, where crowds of demonstrators About 500 people, chanting where crowds of demonstrators
demanded an end to martial "Down with martial law,"
law in Talwan, Reuter reports waving banners and singing from Taipel.

It was the biggest protest on into the courtyard of the the island since 1979 when Dragon Mountain temple, the riots broke out in the southern largest in Taipei.

the imposition of martial law gates and in nearby under which many constitu- blocked their path.

HUNDREDS of police armed tional rights, including the right Taiwanese folksongs, crammed

The organisers had planned to march to the presidential by opposition politicians, marked the 38th anniversary of ranked outside the temple The organisers had planned

Peking to hand back **Taiwanese** airliner

By David Dodwell In Hong Kong

THE Talwanese cargo air-craft stranded in mainland China two weeks ago after the defection of its pilot is to be handed back in Hong Kong following agreement yesterday between airline nificials from the two govern-

The breakthrough, after two days of deadlocked talks, came when the mainland Chinese negotiating team relented in its demand that Taiwan should send a crew to Canton to collect the stranded Boeing 747.

The Taiwanese negotiating team emerged from Sunday's meeting accusing China of deliberately stalling the talks. A spokesman said it was "totalling macceptable" for any Taiwanese official to any Taiwanese official to travel to Cauton, even with full guarantees over their

Neither side has yet said when the handover will take

Th talks have been seen as a major propaganda comp for the Communist Government in Peking. The Government in Talpei, which still regards itself as China's government in exile, bas, since 1949. refused any contact between officials of the twn governments.

Commentators in Hong Knng said yesterday that Talpei's decision to relent was a measure of the political controversy aroused by the defection of Pilot Wang Kijne, and was a signal that at least some in the Knomintang Government are bowing to the inevitability of communist control of the

Apart from striving to gain as many propaganda points as possible from the naprece-dented talks, Peking has been aware that it had to appear pragmatic if it was to send signals to Taiwan that would reduce hostility to its reunification efforts.

After two days of deadlock, a signal of Pekina's moreaccommodating mood came in am overnight newspaper article from Peking's New China News Agency. This commented that it "was natural to have differences in opinion on some details," and argued that "there is no problem that cannot be solved between brothers." Taipel is nevertheless

unlikely to be quick to take up the implied invitation to tackle other "problems" that separate the two. In its effort to save face over the climb-down, it has insisted that the talks are not between officials of the two governments, but simply commercial discassions between two sirlines olta the fact tha arlines are state controlled.

Anthony Robinson analyses reasons behind strikes against the ANC

Botha seeks to appease right wing

believe that Pretoris's commitment to domestic reform and its hosting of the Gommonwealth Eminent Persons Group (EPG) meant that the Afri-kaners had "gone soft," yesterday's simultaneous raids on suspected ANC facilitias in Botswana, Zambia and Zimbabwe were meant as a reminder that the Boers still wiald a big stick.

Embarrassing as it must be Embarrassing as it must be to the EPG (whose members had barely raturned from weekend talks with the ANC in Lusaka before tha bombs dropped on an ANC base south of the Zambian capital) the timing of the raids suggests that the message was not aimed so much at them but at increasingly restive right wing whites, particularly in the Transyaal. particularly in the Transvaal.

This coming Thursday Mr Pik Botha, the Foreign Minister who is widely regarded as a who is widely regarded as a rerligte (meaning enlightened as opposed to verkrompte or hardline traditionalist) is due to address a National Party (NP) rally in Petersburg in the rural heartland of northern Transvaal. Mr Eugene Terre-Blanche, leader of the paramilitary Afrikaner Weerstandsbeweging (AWB), has threatened to turn the meating into a humiliating rout by narking it humiliating rout by packing it with right-wing toughs determined to prevent Mr Botha from speaking and create the impression that the Afrikaner heartland has been lost to the

The latest raids, which were immediately welcomad by both Conservative Party (CP) and the Herstigte Nasionale Party (HNP) spokesmen as the kind of action they bave advocated all along, mean that Mr Botha will no longer "go naked" into the hustings. He will be able to demonstrate that the



ANC office in Harare with upper windows blown out.

televised speech before the townships to the homelands President's Council last week and rural areas. when he undarlined the Government's commitment to latest proof that South Africa's reform, attacked foreign regional power status in maddlers and declared that Southern Africa is interpreted maddlers and declared that Southern Africa is interpreted nobody must underestimate by Pretoria as the right to hit our determination . . . to pro-

The latest raids have confirmed that last week's speech

its main domestic opponent (the ANC) wherever it may tect tha integrity of our (the ANC) wherever it may borders, dafend our peoples have facilities is also part and against internationally organ-ised terrorism and maintain aimed at discouraging the ANC from pursuing its policy of armed overthrow of the Govern-

ment. was primarily meant to re-assure the wavering NP faith-ful and head off the risk of an armed right-wing backlash yet found near Krugersdorp on which the Government clearly the West Rand about 40 kms believes is a greater threat to NP is as tough as the next man believes is a greater threat to when it comes to defending stability than the black revolt after the raids were amounted when the EPG presents its which has cost over 1,500 lives a Belgian woman, Mrs Helen in the last two years and has Pastoors, was aentenced in the of seven Commonwealth heads now spread way heyond the Supreme Court to 19 years jail of government next month.

on treason charges connected with the arms smuggling and intelligence gathering activities of herself and her former husband, the Dutchman Mr Klass de Jonge, whn is currently cooped up in the Dutch embassy in Pretoria.

Both events are part of a pattern of increasing availability of arms in the townships, of increasingly frequent shootouts hetween police and ANG urban guerrillas, landmine explosions in rural areas and other signs that the ANC is pressing ahead with plans, announced by Mr Oliver Tambo, the ANC president, in Lusaka in January, to make 1986 the year of Umkhonto we Sizwe—the ANG's military

Reducing the inflow weaponry la seen as essential both to reassure nervous Afrikaner farmers in the border areas and to disappoint the hopes of young radicala in the townships that this year the ANC will make armed revolt a practical possibility.

The EPG, meanwhile, carried silently on with its shuttle diplomacy yesterday by meeting with senior South African officials in Cape Town aware that any charce of a break-through leading to prompt negotiations between Pretoria and the ANC—slim at the outset—have now been thoroughly dashed. Whether in the longer run the latest raids will strengthen the chances of the ANG concentrating on a political rather than military solution in South Africa remains

to be seen.
In the meantime this latest attack on three Commonwealth countries means that Mrs Margaret Thatcher can expect to face stronger pressure to submit to demands for tougher

Black leader's family murdered

A BLACK mother and four children were huraci in death in a fire bomb attack on their house early yesteric morning in the troubled black township of Kagise whose local residents association is corrently engaged in a stell law suit to restrain the paties from committing maintain

Mrs Martha Menteeti was the wife of Mr Sierger Montoedi. A member of the Kagiso Residents Organisation (KRO) and chairman with disciplinary to makittee the disciplinary to makittee the control of the c which has set up its were township law enforcement Mr Laurence Nilokon, 1200

general secretary, said the nrganization had no chains at to who was responsible for to who was responsible that a the attack but noted that a mysterious vigilante organisation calling liself the Brotherhood of Blacks had charactering threstening distributed pamphlets in the town last week. Mr Ntlokok said that Mr Montoedi, who was also badly burnt in the attack, was "the most loved person; in the lownship—nebody here would have harmed him. Wa think those responsible are agents of the system."

Meanwhile, another 12 people were killed in faction fighting near the Rwanna capital of Ulundi over the weekend while at least 14 more hiscks were killed in violent clashes in the Crossroads squatter camp near Cape Town between "the fathers," a group of conser-vative older squatters and young radical "comrades." Over 200 shacks were reportedly hurned down during the fighting.

South African action sparks widespread condemnation

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT



"flagrant acts of war."

THE US, the Gommonwealth Africa and its neighbouring and the Organisation of African unity, yesterday sharply conproductive consultations on demned the South African Security issues and respect for military raids on Battaura international barders. Security issues and respect for military raids on Battaura international barders. military raids on Botswana, Zimbabwe and Zambla which Washington denounced outrageous." as In an unusually toughly-worded statement. Mr Larry Speakes, the US Presidential

spokesman, said the US stood with the governments and people of the three countries which were victims of the

bas been aimed at stopping crossborder violence." he said, are trying to help." Mr Speakes said that some progress had been made at

BY KATHY EVANS IN DUBAI

fundamentalist groups called

to be accepted by the Govern-

ment. There is now speculation that the Prime Minister. Shiekh

Saad al Abdullah, may be con-sidering a resbuffle of the entira Cabinet.

for his resignation.

international borders.

In the light of the ongoing efforts of the states concerned to maintain good working relations and to maintain contacts on security problems, the South African raids were "par-ticularly inexplicable,"

However, the US Administration believed that the possibilities of finding a peaceful solution had not been exhausted "We vigorously condemn and it was still opposed to these attacks by South Africa. economic sanctions against Our diplomacy in South Africa South Africa, believing that it punished "the very people we

Sir Sbridath (Sonny) Ram-Senior officials from South hand, issued a strong call for National

FUNDAMENTALISTS SEEK MINISTER'S RESIGNATION

THE FATE of Kuwait's liberalminded Education Ministar, Dr
monded Education Ministar, Dr
monded

classroom and campus. As minister, he went on to try to

of Islamic groups in the country.

Dr Ibrahim has proposed a number of reforms mainly designed to toughen entry standards to university. The

acts of war.

"The racist violence which sustains apartheid at home has turned to blatant aggression against hlack states abroad,"

The Souric United Held and Held aggression against hlack states abroad,"

The Souric United Held Souric Held aggression against hlack states abroad," Sir Sonney said.

"What more do western countries need to disengage from South Africa and ostracise it from human society in both economic and political terms?" toria of military operations
The Organisation of African against the neighbouring black
Unity (OAU) yesterday called states. states.

Sbridath (Sonny) Ram- Addis Ababa said the raids, carter Rajiv Gandhi said yesterday the Commonwealth ried out "under the pretext of on his return from a visit to ary-general, on the other seeking out alleged African Zambia Zimbabwa Angola and Congress

Soviet official news

such actions.

In a report from Harars, Tass said the raids copied American air attacks on Libya last mooth and followed threats from Pre-

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for world pressure to prevent Reuter adds from Delhi: further South African raids India will consider a request for against neighbouring black weapons supplies from four weapons supplies from four African "frontline states" fac-An OAU statement issued in ing South Africa, Prime Minis-(ANG) Tanzania.

A century for a better future

	Group Perl	formance 1985	
. Winnerson		Swiss Franc Million	Change %
	Sales	8453	+14
	Net Profit	529	+29
	Cash Flow	941	+21
	Capital Investment	418	+38
	Research + Development	725	+14

Group Bun	ance Sneet 1985	
	Swiss Franc Million	Share %
Total Assets	8354	100
Equity Bank Debt	4599	55
+ Bond Issues	1425	17
Liquid Assets	2138	26

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Hawke moves to allay fears about economy

Dr Ibrahim is reported to have submitted his resignation aoma days ago, but it bas yet to be accepted by the Govern-

AUSTRALIA'S Prime Minister, to a record A\$12bn (£5.8bn) in Mr Bob Hawke, now on a visit the last 10 months, to Peking, held nrgent talks the said Australia was "done by telaphone with senior for" unless tough austerity ministers yesterday amid press measures were imposed and reports that there was a major called for a meeting of governift between Mr Hawke and the Treasurer, Mr Paul Keating, leaders in the next two to three Reuter reports from Canberra.

the country was in danger of and trade.

ference on the economy in the election. coming weeks was not labelled as a panic meeting, Mr Bowen

Mr Keating issued his Government's policy of liberalis-warning last Friday after dis-closing that Australia's balance system, had usurped Mr Hawke'a of payments deficit had risen policy-making powers.

The acting Prime Minister,
Mr Lionel Bowen, told Mr Keating's statement as an reporters that Mr Hawke overreaction and a power play wanted to allay fears over by the Treasurer while Mr Australia's economy following a warning by Mr Keating that China discussing investment

becoming a banana republic.

Mr Hawke also wanted to ensure that Mr Keating's plan to hold an urgent national conference on the second land unity immediately after his second land unity immediately after hi

The Opposition leader, Mr John Howard, charged that Mr Keating, tha architect of the

entrants onto the job market. Fundamentalist members of parliament have accused the minister of appointing foreign communists and Basthists to an advisory board established to improve standards. Such people are not acceptoble to Kuwaiti Moslems, say the deputies.

tinually complain about academic standards of new

Cabinet.

If the Government does accept the Education Minister's resignation then Islamic groups could claim a major political victory. Until now, though, Cabinet statemeots have consistently supported the reforms the minister wishes to push through in the education field. But doubts have emissed on minister to tarkle the problem Earlier this week, the Kuwait students' union, which is heavily dominated by funda-mentalist societies took full page advertisements in local papers criticising the minister, whom they view as the "darling" of leftist groups in Kuwait.

but doubts have emarged on minister to tackle the problem the Government's willingness to of low academic standards in the two ideological groups is do so in the face of opposition.

From the time he was with parents of local influence appointed, Dr Ibrahim upset the find university life less more difficult.

NZ minister sees savings

THE New Zealand Finance THE New Zealand Finance Minister, Mr Roger Douglas, said planned legislation to reform government spending would cut financing requirements by an estimated NZ\$960m (£344m) in fiscal 1986-87 ending March, NZ\$1.2bn in 1987-88 nnd NZ\$1.4bn in 1988-89.

Mr Douglas said in a statemr Douglas said in a state-ment the planned changes, which he outlined on March 27, would cut debt servicing costs by nn estimated NZ370m in 1986-87. NZ220m in 1987-88 and NZ\$270m in 1988-89.

Official figures show these costs rose to NZ\$2.3bn in 1985-86 from NZ\$2.5bn a year earlier.

The legislation, as fore-east in March, will put on a commercial basis the trading activities of the electricity industry, state coal mines, the pest office and civil aviation by April 1, 1987, Mr Douglas's statement said.

Further Israeli bank chief Kuwait reformer's job threatened offers to quit

By Andrew Whitley in Tel Aviv .

ANOTHER leading Israeli banker has uffered to resign his post, in the wake of the independent Beijsky Commission's call last month for the replacement of the entire top echelon of Israel'a bank management by today. today.

Mr Aharon Meir, chief executive officer of United Mizrahi Bank, Israel's fourth ranked commercial bank, tendered his resignation on Sunday right. But the Mizrahi Board is not due to consider his request for another week.

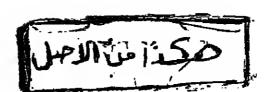
The reluctant decision to stand down by Mr Meir, who bitterly contested the Belisky Commission's findings—both in general and specifically in reference to himself—leaves only Mr Raphael Recanalic chairman of Israel Discount Bank, to declare his intentions. IDD is family owned. and Mr.

Recanati has hinted that he may not feel himself onliged to go along with Judge Meshe Beijsky's insistence that all the bank chiefs accept personal responsibility for the country's hank shares manipulation scandal, which emerged in public in October 1983.

Meanwhile, the National Unity Government has undeficially extended the terms of office of Dr Moshe Mandelbening Governor of the Bank of Israel, until the end of May to permit him to present the central bank's annual report on the state of the economy. Dr the state of the economy. Dr. Mandelbaum's head was also called for by the Belisky Commission.

Burmese rebels routed Government forces have over-Government forces have over run Karenni rebal headquarters in southeast Burma causing heavy casuattes and driving 250 guerrillas, including five white foreigners, into Thailand, officials said yesterday, Renter reports from Rangoon.

Burmese troops, crossing the swift-flowing Salween River and scaling mountains up to 4,000 feet high, caught the 400-strong Karenni ethnic minority army by surprise in their army by surprise in their iungle stronghold at Hwe Pon Long in Kayah state,



The all-new estates by Mercedes-Benz-the elegance of practical engineering.

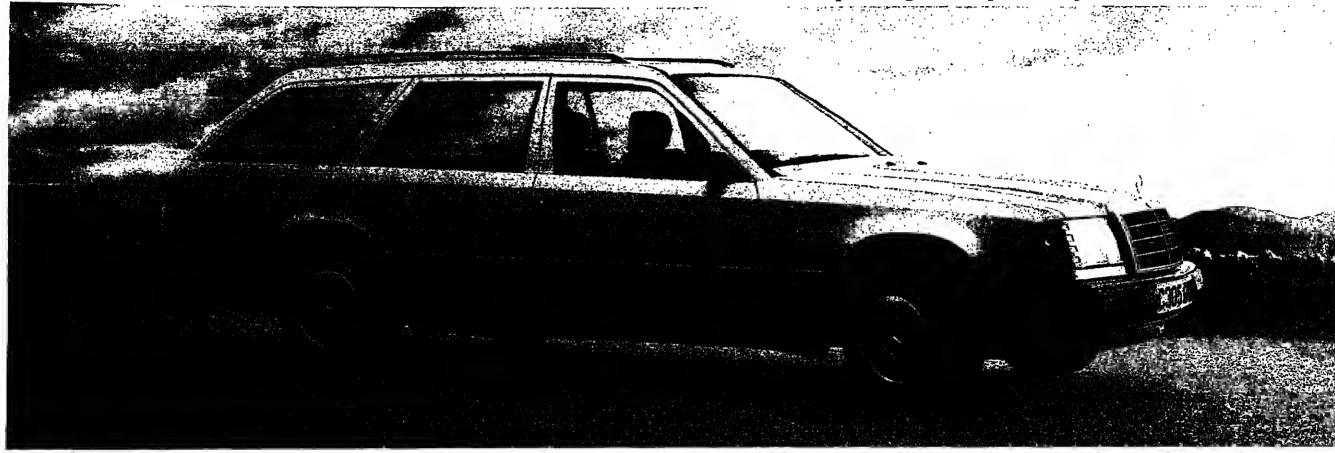
The simplest way to contain space is to construct a box around it.

So it is easy to see how the basic estate car has evolved with all the style of a box van.

By giving the estate function a more intelligent and integrated form, Mercedes-Benz have taken a much more inspired approach than other designs currently seen around the countryside.

The elegant flowing lines of the T-series certainly allow the front and rear to live together in perfect harmony. It is undoubtedly one of the most stylish of Mercedes-Benz'.

Yet what is pleasing aesthetically is also pleasing from a practical point of view.



- THE MERCEDES-BENZ T-SERIES-

red

mnation

The provision of a divided, folding rear seat and folding front passenger seat allow unusually long and awkward loads to be accommodated.

The load space is smooth-sided and flatfloored for easy loading and unloading.

And there's a larger, high-opening tail gate that glides open on two gas-filled struts, has concealed hinges and an electric motor to pull it safely shut.

In terms of comfort and performance, the T-series behaves with the same impeccable manners as the 200/300E series saloons.

The choice of engines is headed by a sophisticated new six-cylinder unit of 188 bhp giving 0-62 in just 8.8 seconds and a top speed of over 130 mph making this new Mercedes-Benz one of the fastest estate

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And as you enjoy the swift and silent drive home you can reflect on the fact that those smooth, flowing lines unbroken by door handles or guttering actually keep the drag to just 0.34.

Surprising how so much space can be propelled so elegantly through the air with hardly a ripple.

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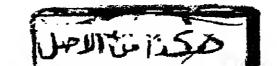


Although there have been great advances in car technology, we're still using a petrol that gives a similar performance to one we were using fifteen years ago. But now Shell have developed Formula Shell, a new petrol that has been proved to increase the performance of your car, no matter what you drive. Firstly, it contains a

new ingredient, exclusive to Shell, which provides faster, purer combustion making your car more responsive. Secondly, it contains a cleaning agent which reduces dirt in the important parts of your engine so making it smoother running. Together, these make your car more efficient.

From today all petrol is not the same.

New Formula Shell. It will improve the performance of your car.



Boeing plan rivals for new Airbuses

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE TWO giant US aircraft manufacturers, Boeing and McDonneil Douglas are planning flerce competition for the projected new advanced technology Airbus airliners, the A-330 short-to-medium range aircraft and the long-range A-340.

Airbus is now refining the details of both aircraft with prospective airline customers. The A-330 will be a 310-pasenger twin-engined aircraft for high-density short routes, while the A-340 will be a 260-plus passenger four-engined jet for long routes.

The two Airbus aircraft will over existing instrument displays on the flight deek.

monality, including common wings and basic fuselages.

Extensive discussions on both aircraft are in progress with 450 to some 300 passengers.

Extensive discussions on both aircraft are in progress with airlines world-wide, and member-companies of Airbus Industrie, including British Aerospace, are discussing with their governments the necessary eash contributions to overall development costs of more than \$2.5bn (£1.6bn).

A formal launch of both aircraft will depend on firm orders, which could come the end of this decade.

Eraft, reducing its payload from 450 to some 300 passengers, with a range of some 8,000 nautical miles.

Beeing says both new variants could he developed quickly, at low cost, and could eight production without difficulty. The new aircraft will depend on firm orders, which could come

A formal launch of both air-craft will depend on firm orders, which could come around the turn of this year, with the A-340 entering service in late 1991 and the A-330 in mid-1992

Boeing and McDonneil-Douglas are well aware of the threat that these new Airbus

ventures present.

Boeing is now studying new versions of its existing aircraft that would be capable of meeting the Airbus ventures bead-

One is the 767-400, a new version of the existing twinengined medium-range 767, with a stretched fuselage, making it capable of carrying 330 passengers over distances of up to 3,000 nautical miles, offering direct competition with the A-330.

To compete with the A-340, Boeing is studying what it calls the Advanced Short Body (ASB) version of the 747 Jumbo jet. This would have a shortened fuselage from the existing 747-200 long-range air-

SMITHS INDUSTRIES, the UK electronics manufacturer, has won a £10m-plus contract has won a £10m-plus contract from McDonnell Douglas of the US for advanced-technology flight-deck displays for the new MD-88 short-to-medium range twincungland jet airliner, recently ordered by Delta Air Lines of the US. The displays involved cathode-tay tube presentations of information for pilots, and offer considerable weight and cost savings over existing instrument displays on the flight deck.

Airlines world-wide are show-ing interest in both aircraft, but no orders have yet been secured. McDonnell-Douglas is step-

ping up its own sales pressure on airlines for the new MD-11 tri-jet, the follow-on airliner from the long-range DC-10.

This new jet is planned in two versions, the MD-11 itself, for \$21 passengers over distances of close to 7,000 nautical miles, making it a competitor to both the A-340 and Boeing 747ASB. and the MD-11M, for 327 passengers over distances up to 4.000 nautical miles, which would

make it a competitor to the McDonneil-Douglas also says it could build its new airliners quickly, with the MD-11 flying in October, 1988, and the MD-11M in November, 1989.

Mr Jean Pierson, president of Airhus, reacted calmly to the Boeing and McDonnell Douglas

Pakistan hopes to finalise UK frigates deal soon

BY JOHN ELLIOTT IN ISLAMABAD

expects soon to finalise a contract with the UK Government
for Vosper Thornycroft to
supply three modified type-21
frigates costing more than instead of an original \$600m-£300m as part of the country's naval. modernisation pro-

A letter of intent was signed in September 1984 by Pakistan and Vosper for two ships to he delivered from the UK and for one to be built in Karachi with extensive transfer of techno- of lutent against competition logy from the UK.

systems which has pushed up prices considerably. This has costs and alternative specifica- government deal.

"The result shouldn't take

THE PAKISTAN Government Khan Junejo, Pakistan's Prime

\$800m when the more sophisticated weapons systems are included, along with extra equipment being supplied hy the US, provision of shipbuilding facilities in Karachi, financing and other costs.

Vosper won the initial letter from Italy, France and Ger-Since then, Pakistan has many, After Vosper was de-asked for more sophisticated nationalised at the end of last equipment and weapons year the UK Ministry of systems which has pushed up Defence took over responsi-This has bility for the contract so that led to long negotiations about it would be a government-to-

Grindlays Bank is respon "The result shouldn't take sible for organising £200m very long now—we are in the finance, including loans at final stages," Mr Mohammed consensus rates.

Islamabad set to narrow current account deficit

PAKISTAN is succeeding in result, the current account narrowing its current account deficit is expected to be \$1.1370n by June 30, instead of its facing lower prices in the projected \$1.50n. Exports in 1986-87 are its key export comodity, raw estimated to rise 5 per cent, cotton, and overall exports are to decline by 19 per cent higher than last year and will pass the \$30n per cent improvement in the trade deficit.

of goods and machinery.

Home remittances by Pakistanis, many of whom are in the Middle East are up 5 per \$900m, in 1986-87, against cent, and close to \$2.50n. As a \$1.1370n in 1985-86.

per cent improvement in the trade deficit. (£2bn) target.
Exports in the first 10
months of 1985-86 were
\$2.5bn. Imports have declined by 2 per cent from last year because of the high rate of customs duty on a large number of goods and machinery.
Home remittances by Pakitana and the reduced spending in those countries.

The current account deficit is thus projected to decline to

Poland, Hungary ready for trade talks with EEC

BY DAVID BUCHAN

POLAND and Hungary have Mr Viatcheslav Sytchov, accepted the EEC Commission's invitation to open talks Moscow-based Comecon secretary in a recent letter to with the Community, at the same time as the planned establishment of official relations between the EEC and Comecon, Europe's two trading blocs. Three of the seven European

members of Comecon have thus now responded favourably to the EEC invitation. Romania, the only Comecon country to have had a trade accord with the EEC, had already informed Brussels that it wanted its agreement, which ran out last December, renewed and expanded, to include industrial with the Comco-operation

tariat, in a recent letter to Brussels, gave the East bloc's approval to the parallel strategy suggested by the EEC estab-lishment of official relations dealing with non-trade issues between the EEC and Comecon, and separate trade accords between the EEC and which-

ever individual Comecon coun-

tries were interested in nego-

tiating them. Poland and Hungary happen to be the two Comecon food exporters relatively hardest hit by the EEC's temporary food import ben in the wake of the Chernobyl nuclear accident.

McDonnell Douglas, Oil price fall 'halts Europe truck recovery'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE COLLAPSE in oil prices from manufacturers based in the good reason to believe that the up from around 296 (2) this has halted a gradual recovery in newly industrialising countries "natural" level for the oil year to 302,200 in 1987 and

" Heightened competition from the Japanese truck pro-ducers, who already dominate the light commercial vehicle market in the Gulf, from US

has halted a gradual recovery in newly industrialising countries

West European medium and such as South Korea. Taiwan beavy truck production, DR1 and Malaysla, is likely," DRI Europe, the forecasting group, warns.

Says in its latest report today.

When demand in the oil-producing countries recovers, the European manufacturers the European manufacturers thas already fallen from a peak of 137,000 in 1981 to an estimated 35,000 last year and wolumes.

"natural" level for the oil-wealthy markets is about 50,000 medium and heavy trucks a year.

The downturn in Opec demand means that this year few European truck manufactures can no longer be sure of getting mated 35,000 last year and yolumes. when demand in the onproducing countries recovers,
the European manufacturers
can no longer be sure of getting
most of the available husiness,
as they have in the past fcw

The Court of tonors gives
weight in the Opec countries
has already fallen from a peak
of 137,000 in 1981 to an estimated 35,000 last year and
could drop again in 1986, DRI suggests.

In Europe, the fall mainly hurts Daimler-Benz of West Germany and the two Swedish manufacturers, Volvo and manufacturers, Scania.

volumes.

Next year, bowever, the situation will improve because exports have no further contraction to make and better demand in Europe will make and itself felt.

As a result, European producmanufacturers—no longer ex. DRI says the sel-back will be tion of trucks over 6 tonnes eluded by a strong dollar—and only temporary and there is gross weight is forecast to go

year to 302,200 in 1987 and reach 325,900 in 1990, still well

Restructuring is still to come within the European truck manufacturing industry. DRI suegests. Merger talks between Generat Motors-Bedford and Leyland Trucks, the BL subsidiary, were unsuccessful but "having opened new possibility." "having opened new possibilities, a return to the previous will status quo is not so easy to achieve.

"Management and owners

The Report

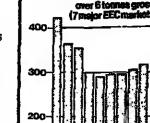
will be looking for ways to repair the strategic weaknesses of Europe, 30 Old Qu their companies. An independant London SW1H 9HP.

dent development route looks increasingly expensive."

DRI says that light trucks prices and output in the seven major European vehicle production countries will improve steadily from 1.110m this year to 1.182m in 1990.

Demand will grow a little faster but Japanese imports will take some of the extra

The DRI European Trucks. Report, £1,400 from DRI Europe, 30 Old Queen Street,



TRUCK PRODUCTION

World tourism grows by 4%

BY JOHN WICKS IN ZURICH

WORLD tourism grew by 4 per cent last year and another good year is expected in 1988, according to the World Tourism Organisatioo, It estimates that around 325m tourists went abroad during 1985 abroad during 1985.

The organisation reckons that income from tourism also went up by abount 4 per cent world wide last year, though it adds that this was due largely to the level of the US dollar in terms of various other currencies.

At the same time, the Organisation for Economic Co-operation and Development has provisional figures point the United Kingdom (+10 per ing to an overall growth in cent)

horder-crossing tourism in its 25 members countries.

Although comparisons are difficult in view of the differing bases for national statistics, it reckons with increases of 8 per

cent is arrivals and 3 per cent in overnight occupancies, with inflation-adjusted expenditure up by some 6 per cent to an estimated \$75.6bm (£50.4bm). In terms of overnight occu-pancies, the OECD reports shows marked increases on the

Among countries reporting by arrivals, biggest scorers were Turkey [+23 per cent), New Zealand [19 per cent), Iceland (+13 per cent) and Australia, with an 11 per cent growth rate.

A decline in tourist volumes was booked by such countries as Spain, with 9 per cent fewer hotel ocupancies, and Canada with a 8 per cent drop in overall occupancies.

The countries suppyling the most tourists were West Germany, France, the UK and the US, according to the OECD. Both reports expect another

GM, Suzuki near Canada pact

GENERAL MOTORS and Suzuki Motor Company of Japan are close to agreement on a joint venture to build Canada's largest car assembly plant in the province of Ontario. (£315m) facility are at an advanced stage and the pieces of the puzzte are coming together nicely."

No site has yet been chosen. The plant, which will include both assembly and stamping

Canadian markets, making use of provisions of the 1965 US-The Sprint, one of GM's smallest models, is at present assembled by Suzuki in Japan. Several Far East molor manu-facturers bave announced plans Canada automotive trade pact, which has already enabled North American vehicle makers A senior GM official said that in the past year to assemble sides of the border. negotiations on the C\$600m cars in Canada, They have been (£315m) facility are at an encouraged by the matter. The GM official said that imports of Suzuki ears to Canada during construction of encouraged by the weak Canadian dollar, generous financial incentives from Federal and Provincial authorities, and by

the plant is a stumbling block in discussions with the Govern-Canadian Government policies ment

The plant, which will include both assembly and stamping facilities, is expected to turn out 200,000 GM Chevrolet Sprint cars a year by 1989 for both the US and Canadian mar- to supply the US, as well as of the Canadian market.

ADVERTISEMENT

INSIGHT INTO CORPORATE STRATEGY

NIPPON GAKKI (YAMAHA): Progress to Note To

Nippon Gakki (known abroad as Yamaha) was established in 1887, making it one of Japan's oldest business concerns. Yamaha has been producing quality musical instruments ever since the company's initial reed organ made its debut in the market. Its musical lines now include pianos, electronic organs, band instruments and combo items such as electronic keyboards, synthesizers, acoustic guitars and nustical instruments for education. The most notable fact about Yamaha musical instruments is that they are used by amateur musicians as well as the most elite professionals. Not only has Yamaha accumulated 100 years of experience in production but the company annually educates some 680,000 students who enroll in the 9,500 Yamaha schools in Japan and the 170,000 pupils in their 1,600 international schools.

Yamaha has also diversified into several non-musical fields such as custom LSIs, video disc players, household products, metal products and leisure facilities. All this resulted in total sales of ¥375 billion and recurring profits of ¥14 billion for the first 11 months of fiscal 1985 (the latter month includes an average figure), a 5 per cent rise over the previous fiscal year. Increased sales and higher efficiency spell noteworthy progress on any musical scale.



Mr. Hiroshi Kawakami Nippon Gakki Co., Ltd.

Teaching The World

Davis: I believe your company has a large stake in teaching music in Japan and around the world. Could you explain the Yamaha system? Kawakami: Well, let me start by saying that Yamaha is the world's largest integrated maker of musical instruments. Our three main pillars include production, the spreading of music and recreation. Southeast Asian countries have tried to emulate our success but I do not believe that our system has been well understood in the Western countries, particularly in Europe and

the United States. Not counting the persons attending private schools in these countries. I would venture to say that not a lot of money is spent on education. Their attitude is that the state should be responsible for providing such training. They basically cannot understand our approach since Yamaha schools give music lessons on a nonprofit basis, not for capital gain. I believe that learning music is like studying a foreign language-you have to succeed at it when you are young. That's why the Yamahe schools start students off at four years old. There are junior, senior and advanced courses, depending on a

student's abilities. Japanese parents are very keen to have their offspring learn music and some 10 per cent of all these very young children belong to Yamaha schools. Japanese students of all types run into music lessons sooner or later and almost all of them are started out on electronic organs (called "electone" in Japan, also a Yamaha trademark) because a wider range of music can be produced on this educational tool than, say, the piano. All in all, we have 680,000 students in Japan and 3.5 million graduates. We also have 170,000 foreign students in 33

Davis: Would you say that foreigners are more difficult to teach than Japanese?

Kawakami: In America, for example, the biogest difference is the approach to teachingthe actual lesson. They are very individualistie and hate to be viewed as being like any other person in the group. Yamaha takes the grouporiented approach to teaching in the traditional Japanese form, so this collides with American thinking. The American parents' solution is to let their children study what they like.

In Japan, we take the philosophy that children really do not know what they want and have to be guided by the parents who send them. off to music lessons. I suppose when comparing the two cultural approaches to music training, it would be easier for us to teach in Japan. However, I believe that the good points of the Japanese style should be combined with the essence of local systems in the countries in which we teach in order to produce a hybrid teaching method. This, in turn, will help spread the Yamaha music system.

Davis: Speaking of the piano, about one out of every six Japanese homes contains one and that amazes me becouse of the small size of Japanese houses. Can you explain?

Kawakami: This is not a high dispersion rate, particularly. The rate is much higher in the United States and there are countries in Europe where it approaches 20 per cent. You must also understand that Japan is now the world's largest market for musical instruments at \$500 billion, a little larger than the American equivalent. It is true that Japanese homes are smaller but the family's desire to have music taught to their children outweighs physical space restrictions. That's why we produced pianos for family use and promoted the spread of music throughout the country. We now bave 60 per cent of the domestie piano market.

Digital Sounds Of Music

Davis: Yoruha has sold a remarkable number of digital instruments, particularly synthesizers. What is your best-selling model

Kawakami: Research on digital synthesizers reached the critical stage about 13 years ago under my direct leadership. I think we can say that we are bearing the fruit of that research now with the booming sales of the DX-7 unit which has sold over 100,000 units since it was put on the market in 1983. This instrument, and its follow-up DX-9, were conceived from joint frequency modulation research carried on between Yamaha and Stanford University. These synthesizers can produce a range of sounds equivalent to much more expensive models and are affordable to the ordinary consumer. In our sales research, we have found that these synthesizers are indeed being used

by amateurs as well as professional musicians. This is a rather unusual phenomenon in the

In electronic music, sounds are produced in real time and have reached levels previously considered impossible. Any company producing such instruments must have accumulated a lot of experience in the use of LSt technology. The Moog Synthesizer, for example, can reproduce sounds at such fine pitches that they are hardly distinguishable from the original. Springing from our research into LSI technology, our analog and digital synthesizers were developed very early and thus got the jump on competitors. In the future, we will be pursuing research in the MSX personal computer and the audio-visual fields, in order to expand our

LSI-based husiness. Davis: What sort of progress is your company making in the leisure field? How are you designing products for the younger generation that are more recreation-oriented

than their parents? Kawakami: As the present generation changes and baby boomers come of age, there will be an increasing need for sports and leisure products, as you pointed out. We are already turning out a whole line of sporting goods and have constructed several sports parks in Japan, such as the Tsumagoi Leisure Land we built 12 years ago. At present, we bave no plans to construct such facilities overseas but we do plan to continue coming out with new lines of leisure products for youth.

Appreciating Yen

Davis: About one-third of your exports go to America and another third to Europe. How hos the rapidly rising yen been affecting these exports?

Kawakami: The high value of the yen is naturally causing our exports to fall and this is eating into our turnover and profits. We have



10-1, Nakazawacho, Hamamatsushi, Japan Telephone: (03) 572-6330 (PR Division) Telex: J59597 NGAKKI

already raised our export prices twice but another increase will be necessary, it seems. A sudden jump in export price would be out of the question hut instead we must regulate increments each time. Our second step is to lower costs as much as we possibly can through fattrimming measures. A higher yen helps in that import prices are lowered. The third measure is to take inner-company steps to tighten up management practices. Finally, we have to come on the market with even better products and if we have about one more year to do this, I believe

we can beat this problem of the rising yen. Davis: I believe that you have some tie-ups with a British company. Can you explain the

Kawakami: Yes, that's right. We have oint ventures ongoing with YAMAHA-Kemble (U.K.) Ltd. for the sale of YAMAHA brand musical instruments and YAMAHA-Electronics (U.K.) Ltd. for the sale of audio products. We have been producing pianos with Kemble in the British market for 18 months and this year we also began to participate in the form of direct investment. The cabinet is made in Britain while the internal parts are supplied from Japan. The plan is for us to sell these pianos in the British market as well as re-export some to the European mainland.

Davis: Finolly, I would like to ask if you have any personal brand of management that you prefer when leading Yamoho?

Kawakami: Before I go into that, I would like to explain that we are still not widely known as "Nippon Gakki" even in Japan and especially outside the country. Therefore, we would like to study ways to directly link the company name

Nippon Gakki to the Yamaha hrand name. My grandfather propounded three major principles: think creatively, ruffle no one's feathers and make a contribution to society. My father, Mr. Gen'ichi Kawakami (ehairman) is very individualistic and it could be said that he built Yamaha into a world-class company single-handedly, I was appointed president in 1983, but I don't dare try to rule the company

in a top-down fashion the way he did. My father is still the chairman of this company as well as serving as the president of the Yamaha Music Foundation, a non-profit organisation. He made the decision in the early 50's to start diversification and to change the direction of the company toward piano production.

Both those men had strong ideologies but I believe my mission lies in the internationalisation of the company. It is my strongest desire to make Yamaha products known around the world for their high quality and to make the company known as a global concern.

NOTICE OF EIGHTH PARTIAL REDEMPTION

Issue of US\$ 250,000,000 121/1/2 Notes due February 27, 1992 with 250,000 Warrants to subscribe 121/2% Notes due February 27, 1992

THE KINGDOM OF DENMARK

Pursuant to paragraph "Redemption and Purchase" of the Terms and Conditions of the Notes, notice is hereby given that as a result of exercise of Warrants, Notes for an additional aggregate principal amount of USS\$ 000,000 will be redeemable on June 20, 1986 at 101 per cent.of their principal amount, together with soften therest (i.e. US\$ 200.10 per denomination of US\$ 5,000) from February 27, 1986

The Notes bearing the following serial numbers have been drawn by lot in the presence of a Notary Public and may be presented to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourger to the other Poying Agents named on the Notes:

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00393 \$4021 C5554	08350 1090	5 13284	18175	19492	21927	26339	27213	29643	3170R	25047	20202	46777	42000	47774
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015 01557	08355 1091	6 13286	16180	19671	21931	26344	27215	29654	31503	35851	30394	40932	43983	47722
	08357 1091	13297	18191	196.72	21932	26345	27219	20050	31806	35853		40933	43964	47734
1 (41)4 05554	08358 1091	A 13594	16183	12673	21935	26346	27222	29656	3 1807	35854	30300	40834	43985	47736
25 00000	CE359 1091	9 13558	15184	13674	21935	26349	27223	29665	31809	35858	30301	41213	43969	47741
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	02365 12*7 08368 1218	3 3836	16299	13601	22439	10301	27244				39407	41470	43998	47745
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	10464 1313 10465 1313	6 15068	18382	20541	26277	21176	28826	31758 31757 31758 31760 31761	33841	38060	40449	43122	46678	49674
52195 04912 07455	10485 1313	7 15077	18384	20543	26279	27177	26831	31780	33843	38061	40452	43123	46581	49577
	10491 1313		18287	Z054-	26282	27179	26834	31761	33936	38070	40456	43126	46583	49682
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F1861 C4040 07535	10504 1315	15569	18407	21064	26301	27196	28990	31717	34838	38094	40488	43140	46609	48701
20040 04951 01697	10505 1315	16141	18408	21194	25302	27199	29620	31779	34839	36270	40490	43141	46611	49703
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Hotes surrendered for redemption must have coupon due February 27, 1987 and subsequent attached, Interest will cease to accrue on the above drawn Notes as from June 20, 1986. Amount remaining outstanding, US\$33,000,000

Lu. empourg, Mey 20, 1966

THE FISCAL AGENT KREDIETBANK S.A. Luxembourgeoi

NOTICE OF SEVENTH PARTIAL REDEMPTION

THE KINGDOM OF DENMARK

Issue of US\$ 100,000,000 13% Notes due 1992 with 100,000 Warrants to subscribe 12%% Notes due 1992

Pursuant to paragraph "Redemption and Purchase" of the Terms and Conditions of the Notes, notice is hereby given that as a result of exercise of Warrants, Notes for an additional aggregate principal amount of US\$5,000,000 will be redeemable on June 20, 1986 at 101 per cent. of their principal amount, together with accrued interest (i.e. US\$252.78 per denomination of US\$5,000) from January 31, 1986 to the date of redemption.

The Notes bearing the following serial numbers have been drawn by lot in the presence of a Notary Public and may be presented to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg or to the other Paying Agents named on the Notes:

00002 00145 01962 02921 04542 05469 0	26444 00210 00207	10207 11225 12148	12771 14902 166	13 16961 17754 19663
000M 01946 01964 02922 04543 05410 0	104C4 00310 03207	10337 11333 13140	12777 14804 156	7 16869 17758 19864
00004 01946 01964 02922 04543 05410 0	CEROS COSTI USETI	10406 11343 13153	13776 14030 166	9 16875 17759 19669
00004 00048 01965 02981 04651 05471 0	06266 06312 03515	10406 11343 13153	13773 14090 130	30 16880 17764 19671
DOC11 00990 51965 00982 04685 05473 (06590 08316 09213	10410 11407 13155	13777 14905 156	
00012 11311 01911 C5049 64860 05475 0	09591 08317 09215	10411 11409 13156	13/78 14907 156	35 16882 17833 19678
	06991 08320 09447	10415 11461 13159	13781 14908 156	
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00000 11827 01972 03217 04669 05578 0	06535 08328 09450	10420 11605 13162	13/83 14913 156	39 16889 17889 19676
10526 01529 01974 C3248 04973 06579 0	06548 08330 09451	10422 11633 13163	13784 14914 156	0 16891 17691 19721
00030 01630 02022 03250 04674 05580 0	06683 06331 09453	10426 11703 13169	13785 14915 156	15 16892 17948 19722
00021 01857 02023 03252 04675 05815 0	06690 08333 09454	10427 11870 13170	13791 14916 156	6 16895 18062 19726
(0003 01860 02028 03255 04676 05816 0	06694 08334 09455	10429 11943 13207	13792 14817 156	7 16899 18063 19727
00034 01862 02182 03257 04577 05820 0	06749 08337 09458	10434 11947 13211	13793 14918 156	16 16900 16 105 19730
	06750 08342 09458	10524 11952 13212	13601 14619 157	31 16903 18194 19732
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00069 01872 02348 03535 04875 05869 (06868 08354 09471	10531 11960 -13579	14801 14927 157	5 16910 18326 19749
60179 01674 02322 03639 05022 06872 (
00180 01676 02353 03540 05023 05818 1				
00182 01677 01354 03641 05024 05879 (06990 06363 09686	10537 11964 13584	14804 14935 158	01 16914 18332 19873
00183 0/878 02355 03842 05025 05883 (06993 08370 09689	10541 11966 13585	14805 14936 158	5 16917 18333 19674
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00273 01982 02367 03714 05931 05906 (06 17080 18342 19883
00274 01887 02358 03715 05032 05983 (
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00376 01895 02368 03855 05046 05121				
00278 01898 02394 03864 05047 05123 (
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00383 01900 07798 03869 05049 05126 (
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Q0559 Q1905 C287Q Q3874 Q508Q Q6132 (07627 08891 09856	10728 12228 13710	14833 15616 1604	17 17216 18531 19959
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00937 01952 02917 04283 06422 06459 (08268 09201 10052	11330 12572 13758	14885 15617 16A	7 17751 19857
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Notes surrendered for redemption must have coupon due January 31, 1987 and subsequent attached. Interest will cease to accrue on the above drawn Notes as from June 20, 1986. Amount remaining outstanding: US\$9,000,000

Luxembourg, May 20, 1986

May 19, 1986

THE FISCAL AGENT

NOTICE OF MATURITY To Holders Of

B. T. International (Delaware), Inc.

(formerly Bankers International (Luxembourg) S.A.) U.S. \$20,000,000 5% Guaranteed Sinking Fund Debentures Due 1986

NOTICE IS HEREBY GIVEN that all outstanding B.T. International (Delaware). Inc. (formerly Bankers International (Luxembourg) S.A.15% Guaranteed Sinking Fund Debentures Due 1986 (the "Debentures") will mature on June 1, 1986 at 100% of their principal amount.

On June 1, 1986, principal and interest will become due upon all Debentures and interest thereon shall cease to recrise on and after said date. All Debentures, together with all remaining coupons appertaining thereto, are to be surrendered for payment at the Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan. The City of New York, or at the main offices of any one of 1) Bankers Trust Company in London, 2) Amsterdam Rott, or at the main offices of any one of 1) Bankers Trust Company in London, 2) Amsterdam Rott ordam Rotte Amsterdam, 3) Banca Commerciale Italiana in Milan, 4; Banque Indiestez in Paris, 5; Banque du Benelux S.A. in Antwerp and 6) Kredietbank S.A. Luxembourgeoise in Luxembourg. The Debentures will become payable on or after June 2, 1986 at any one of the paying agents listed done.

The Tebentures are convertible into whole shares of Common Stock, par value of \$14.65 per share ("Common Stock for Bunkers Trust New York Corporation through the close of business on June 2, 1986 at any of the above offices. Each \$1,000 of Debentures is convertible into 68.259 shares of Common Stock. Based on the rhesing price of the Common Stock on May 12, 1986, of \$46.00, each \$1,000 of Debentures would convert into \$9.100 of Debentures would convert into

B.T. International (Delaware), Inc.

Printers urge more action on Wapping

By Manl Deb

PRESSURES to step up industrial action against Mr Rupert Murdocb's News International over the move of its printing plant to Wap-Ms Brenda Dean, general secretary of the print union Sogat '82, at a from cheaper oil prices as well as tense mass meeting in London yes-

She was attending the meeting, held behind closed doors, of about 3,000 members of the London branch of Sogat, most of them among the 6,000 workers sacked after they went on strike over the transfer of production of The Times, The Sunday Times, the Sun and the News of the World to Wap-

ping.

Ms Dean was closely questioned about union policy in the dispute and criticised for obeying a High Court ruling to end the "blacking" by wholesalers of newspapers pro-

luced at Wapping.

After the three-hour meeting, she told the press: "Obviously the members are frustrated and quite critical of some of our policies. But that is understandable, especially when we are in the 19th week of the dis-

She maintained that there would be no change in policy. The change in Soget's tactics was to purge the union's cootempt of court, which "now releases the union funds to belp our members in the dispute." The court had sequestrated Sogat's £17m assets.

After Ms Dean left the meeting, the members unanimously endorsed a motion calling for an escalation of the dispute, although the meeting was not empowered to decide on questions of policy.

The motion urged continued picketing of the plant, finance for the ampaign and a week of actions, But an amendment proposed by left-wingers to set up a strike committee was defeated.

 National newspaper print unions have formally accepted a 3% per cent pay offer. The Newspaper Publisbers Association said that this indicated a "new and more realistic of generating capacity. It is also attitude" to the financial pressures

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

as the Black Country, embracing vironment.

business conditions over the next 12 1971.

the boroughs of Dudley, Sandwell, Walsall and Wolverhampton.

manufacturing heartland of the traditional Black Country activities

The Marketing Research Centre sector. Much restructuring still had

of Wolverbampton Polytechnic, in to take place in some sectors with

association with Price Waterbouse, the growth of companies being cooducted a survey of 1,100 compa- achieved at the expense of local

nies in the area traditionally known competitors in a static business en-

The Black Country was selected ed every six months so that definite for study because, with 70 per cent trends can be established, was pre-

of its employment dependent upon
metal-related manufacturing it was

sponse rate of more than 40 per Companies have been closed at cent, was "relatively pessimistic" the rate of 170 a month, with three quarters of the companies not expecting much change in 190,000 have disappeared since

metal-related manufacturing, it was particularly vulnerable to the reces-

The survey, which elicited a re- dundant every month.

Fuel deal cuts electricity Hopes rise coal bill by up to £300m

BY MAURICE SAMUELSON

THE COAL industry is to cut the oeliveries to power stations, will be vestment price of nearly a third of its deliveries to the power stations over the next five years in order to keep out cheap oil and coal from overseas.

The deal, which cuts the electricity industry's coal bill by between £200m and £300m, meets the Govping, east London, were resisted by ernment's demand that electricity consumers should benefit both from the rising efficiency of the This compares with last year's first coal industry as it recovers from its year-long strike.
Once it settles its pay dispute

Electricity Council hopes to announce that from July 1 there will be a 3 per cent rebate on the tariffs foreshadowed since April 1 when the Central Electricity Generating Board (CEGB) puts up the wholesale power price by 5.2 per cent.
The new deal with the National

Coal Board (NCB) will involve three separate tonnages of coal delivered at different prices.

About 50m tonnes, the bulk of the

self). At the end of last October, the average pit head price of NCB coal supplied to the CEGB was £43.30 per tonne. Two more tranches of at least 10m tounes each will be aligned to the prices of oil and overseas coal.

tranche of 65m tonnes at NCB production prices and a secon tranche, related to overseas coal with the power station workers, the prices, which rose to 13m tonnes because of the CEGB's need to rebuild its stocks after the miners' strike. In return, the CEGB is likely to

reaffirm its seven-year-old commitment to obtain 95 per cent of its coal from the NCB. The deal, hammered out in pro-

tracted negotiations, is the latest in a series of rolling understandings between the two industries which assure each side a measure of long-term security on which to plan in-

The understanding called for far prised to reflect the average producreaching compromises by both tion costs of British Coal, (as the sides. The CEGB, which at first National Coal Board now calls it-

raise its coal imports to 30m tonnes The NCB, while agreeing to raise the size of deliveries aligned to

In agreeing to supply 10m tonnes

based on the world oil price, it is as-suming that oil prices will recover from the present \$15 a barrel to about \$20 a barrel in the next year It also refuses to abandon its tar-

get of breaking even some time in the next financial year, and denies that it is increasing its provisions for closures and redundancies.

workers' dispute

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PROSPECTS of power workers reaching a deal which will allow union leaders to suspend an overmitment, said it was looking for a time ban due to start at the end of cut of £500m in its coal bill. It also the week improved markedly yesboasted that it could replace half its could rapidly tor, writes.

Unions and employers agreed to meet today for talks with the Advisory, Conciliation and Arbitration Service (Acas).

It is believed that a settlement to unions involved rejected the Electricity Council's latest 6.2 per cent pay offer, confirmed the overtime ban and spoke of the possibility of power cut if a dispute dragged on for several weeks.

In announcing the unions readiness to go to Acas today, Mr Fred Franks, chief negotiator, said: There is no lack of willingness on our side to come to some kind of agreement. Historically, our record in the power supply industry has been very good, because we have responsible trade unions making constructive agreements."

Part of the difficulty between the

two sides has been the unions' claim for a new bridging grade between manual workers and their supervisors. Before today's talks, the Electricity Council is to meet Mr John Lyons, general secretary of the Electrical Power Engineers' Association, the supervisors' union. He has indicated privately he would like to be belpful in trying to re-solve the dispute with the manual

D PROCEDURAL delays to the Channel Tunnel Bill will affect employment prospects in Britain and mystify the French partners in the project, Mr Nicholas Ridley, Transport Secretary, told the House of

The Commons standing orders committee will meet today to consider representation by Sealink, the Channel ferry company, and the Dover Harbour Board, which could result in the start of the passage of the bill being delayed until Novem-D REVIVAL of Piccadilly Circus at

the heart of London's West End went into top gear with the disclo-sure of detailed plans for the Lon-don Pavilion, a pivotal site in this

area.

The triangular, late 19th century, indiding, which dominates the northern side of the Circus, is to be transformed into a specialised retail and leisure complex in a £20m project. Joint developers are the Grosvenor Square Properties Group, which will manage the project, and restaurateurs Kennedy

II SIR GEOFFREY HOWE, Foreign Secretary, is to meet Mr George Shultz, US Secretary of State, for talks next week on the decline in licensing hours in England and the number of US tourists visiting Britain this year. Sir Geoffrey will be in Washington next Tuesday and on the precise nature of the Wednesday on his way to the North changes that would be made, he Atlantic Council meeting in Canada at the end of next week. The Foreign Office said yester-

day that Sir Geoffrey would raise with Mr Sbultz the terrorism question and its effect on the number of Americans visiting Britain.

D ARMITAGE SHANKS, the UK's largest producer of bathroom equipment, has announced 250 redundancies. The jobs, which will be cut from a workforce of 3,236 employees, will go at factories at Armitage in Staffordshire, Barrhead (Scotland), Stoke on Trent, and Wolverhampton. The company has been forced to cut production as a result of declining public-sector workloads in the UK and oversees.

CHANNEL 4, the independent TV channel, is moving gradually to 24-hours-a-day television over the next two years. Proposals, which have to be approved by the Independent Broadcasting Authority, come at a time when broadcasters are showing increasing interest in all-night TV. Yorkshire Television is to begin a three-month roundthe clock TV experiment next

tants, have been chosen by the Government to advise on the privatisation of the 10 water authorities in England and Wales. That follows simply approving plans put to him the appointment last month of by British Shipbuilders and failing Schroder Wagg as merchant bank

New coal-fired stations may meet growing power demand ONE OR TWO large coal-fired pow-er stations may have to be built in Britain in the next 10 years as a re-The requirement will be under-

in electricity sales and the uncer-tainties over the future of nuclear power, writes Maurice Samuelson. the Electricity Council, the electricity ty industry's umbrella body, which will show that sales in 1985-86 were

In principle, the Central Electricity Generating Board (CEGB) wants to replace ageing power stations by new nuclear units and still plans to start "a small family" of pressurised water reactors, beginning at Sizewell, Suffolk, on the east coast of England.

However, even before the Soviet nuclear disaster at Chernobyl the CEGB was at work oo outline plans involving construction of new coalfired capacity, particularly in the south of England where it is short looking at the possibility of building generating units which are much

sult of faster-than-expected growth lined by the next annual report of up to 1979 levels. This was about 3 per cent higher than envisaged in its medium-term development plan. and is forcing the council to revise its estimates for next year as well. Coal industry officials now be-

lieve that the CEGB will "almost certainly" need new capacity to meet higher levels of peak demand by 1995 and that a decision to install it cannot be long delayed.

A list of nine possible sites, nearly all alongside existing oil or coal-fired power stations, has been publisbed by the CEGB. It named five of them when giving evidence to a House of Commons energy committee earlier this year.

Coastal sites, which could take advantage of cheap imported coal, include Fawley, near Southampton; Innswork Point, Plymouth; Kingsnorth on the Thames; and Killing-Possible inland sites are West

Burton, Nottinghamshire; Drakelow and Hams Hall in the Midlands, and Didcot in Oxfordshire. All except Didcot are close to central coal-fields. The favoured site among National Coal Board officials appears to be West Burton which, they claim, could be built in five years starting in 1992. .

West Burton's present power sta-tion consists of four 480 MW generating units. Its size came close to being doubled in the 1970s, when Mr Tony Benn, then Labour Energy Secretary decided instead to build big coal-fired power station along-side the existing one at Drax, north-

Black Country said to Government points way face painful recovery to drink hours reform

BY LISA WOOD THE CLIMB out of recession in the on the smaller companies and non-

Secretary, yesterday gave approval and their constituents, in principle for the reform of public Mr Hurd said in his West Midlands will be painful and such as retailing, distribution and house opening hours in England and Wales.

> tions of when legislation might be introduced. ing hours, to replace restrictions imposed 71 years ago, has built up

brewers.

introduction of more flexible hours but they privately expressed doubts about the speed of legislation in the wake of the Government's recent defeat on the reform of Sunday trading.

MR DOUGLAS HURD, the Home and emotional opposition from MPs.

take decades rather than years, ac-cording to a report published yes-terday. The report suggests that any growth will be led by the service His written statement to the House of Commons gave no indica-

recently with supporters including the tourist industry as well as the Brewers yesterday welcomed the Government's commitment to the

While ministers are believed to lions of consumers would welcome wholeheartedly support more flexi-ble hours, as bave been introduced "the overwhelming case for flexible Most of the optimism was based for every job vacancy advertised. in Scotland, there could be strong licensing laws."

Mr Hurd said in his statement: "After carefully studying all the relevant facts, and in particular the

evidence to emerge from the Scot-tish experience of longer hours, the Government believes that there is a strong case for considering some relaxation of the restrictions on Wales." There was no obvious consensus

Mr Hurd's statement comes after

Government consideration of a re-port, by OPCS, the census office, into the effects of more flexible licensing hours in Scotland. The report showed a decrease in drink-related crimes and drunkenness. The Brewers' Society said mil-

Vauxhall in fleet sales drive

By Kenneth Gooding

VAUXHALL, the General Motors subsidiary, has launched a highly aggressive scheme to improve its penetration of the medium-sized company car fleets - those which buy between 25 and 100 cars a year. Any company car buyer who accepts an invitation to attend one of Vauxhall's special medium-fleet meetings receives two vouchers, each of which gives £180 off the

price of a new car.

This is in addition to any extra discount that the buyer can per-suade the Vauxhall dealer to give. Since the launch of the new Cavalier. Vauxhall has made considerable inroads into the major fleets in the UK, but its share of the medium-fleet sector is no more than 10

The company said yesterday the new scheme, "Conquest 86," is designed to improve its position with local rather than national fleets. particularly those which so far have not bought Vauxhail vehicles.

Each dealer is asked to bring six prospects to the meetings which Vauxhall is organising around the country and the C180 vouchers are

The Vauxhall scheme is likely to intensify competition in the medium-fleet sector because its two big rivals. Ford and Austin Rover, the venture would not be commercial. in Scotland - is aimed at making BL subsidiary, are unlikely to ignore the challenge.

Channon rejects plea on yards

BY OUR SHIPPING CORRESPONDENT

The survey, which is to be repeat-

2,000 people have been made re-

THE ORDERS and jobs crisis at Mr John Smith, Labour spokes that unless the Government state-owned British Shipbuilders, man on industry, said after the stepped in the industry would have Trade and Industry Secretary, and Labour MPs.

The MPs, from shipbuilding areas in Scotland and north areas in Scotland and east England, pressed for special Government measures to help the UK shipbuilding industry. These were rejected by Mr Channon.

He repeated the Government's view that the problems of the industry stemmed from a worldwide de-cline in business, reflecting the shaky financial state of the shipping

chant shipbuilding." Mr Smith, who led the MPs delegation, said a special task force should be set up to ensure the fu-

industry.
He called for Government shipping orders to be brought forward, caid engine-building subsidiary and more Government support to help the Troon (Scotland) yard of Fercompanies win orders abroad, and guson-Ailsa. Government incentives to persuade British shipping companies to build more ships in the UK.

The MPs warned Mr Channon to see the national interest.

where 3,500 redundancies were an- meeting: "We are depressed and no future. Workers from statenounced last week, led yesterday to deeply disappointed at the Govern-a clash between Mr Paul Channon, ment's ettitude to the crisis in mer-pected to attend a mass lobby of parliament tomorrow, when the House of Commons debates the industry.

Latest redundancies will cut the

ture of the merchant shipbuilding industry by about a third. Smith's Mr Smith accused Mr Channon of

Dock on Teesside is to close, as will month.

Dock on Teesside is to close, as will the Wallsend site of the Clark Kin-

Dockyard scheme suffers setback

BY ANDREW FISHER, SHIPPING CORRESPONDENT

groups which bad expressed inter- cern.

dockyard in south-west England. It Barciays Merchant Bank.

sial plan to privatise the management of the neval dockyards has received a setback with the withdraw-in Furness, Cumbria, and Foster al of one of the leading industrial Wheeler, the US engineering con-

The present management of the A consortium of Trafalgar House, dockyard is also on the list of possi-Plessey Marine and A. and P. Ap- ble bidders under the name of De-pledore bas decided not to bid for vonport Dockyard Ltd (DDL). The to encourage potential buyers to at- the management of the Devooport 10 managers are being advised by

THE GOVERNMENTS controver between Vickers Shipbuilding and 18,800 people, mostly at Devonport, were concerned at employment levand carry out £500m worth of refit els in the yards.

and repair work each year. Some politicians and unions have strongly criticised the Government's dockyard policy. Unions have written to companies asking them to drop their interest.

Dockyard workers have demon-strated against the privatisation of management and the unions have stated that the move will continue to meet with bitter resistance.

These are being reduced, espe-cially at Devonport, but the consor-

tium felt they would probably still be too high. The contracts for managing the yards will be for seven years, with formal bids to be in by August.

Bidding for Rosyth, where the present management has been pondering whether to enter the bid-Trafalgar House and its partners did not elaborate on their reasons linernational and Thorn EMI Elecfor withdrawing. It is understood tronics; a consortium between Bal-Last week, a potential bidder apthem more efficient and saving peared in the form of a partnership money. The yards employ about that they did not pull out because of four Beatty and Weir Group; and Press Offshore.

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1607/9 boredom behind.

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Notice is hereby given that pursuant to Condition 6(c) of the Notes, Can \$5,600,000 principal amount of the Notes have been drawn for redemption on 20th June, 1986 at the redemption price of 101% of the principal amount jogether with accrued interest to 20th June, 1986.

The serial numbers of the Notes drawn for redemption are as follows: -

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On 20th June, 1986 the said redemption price will become due and payable upon each Note to be redeemed. together with accrued interest from 27th November, 1985 to 20th June, 1986 amounting to Can \$69.78 per Can \$1,000 Note and Can \$697.81 per Can \$10,000 Note. On and after that date, interest on the said drawn Notes will

Payment of the Notes to be redeemed will be made on or after 20th June, 1986 upon presentation and surrender of the said Notes with all coupons apertaining thereto, at the office of any of the Paying Agents mentioned thereon.

The Toronto-Dominion Bank, London PRINCIPAL PAYING AGENT 20th May, 1986

UK NEWS

FINANCIAL TIMES/CBI SURVEY OF DISTRIBUTIVE TRADES

Retailers predict spending upturn

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

tic about an increase in consumer in April. spending in shops this month after disappointing sales in March and April, the latest Financial Times/ (CBI) survey of the distributive

trades says today, Mr John Salisse, chairman of the survey panel, said yesterday: "Al-

BRITISH RETAILERS are optimis- March and the second-highest level

Confederation of British Industry culty of dealing with an unusually early Easter, may be one reason for the apparent divergence between

The survey was based on replies though sales volumes in April re- from 542 traders received between mained higher than a year ago, April 22 and May 9. Retailers rethey were not as good as retailers ported slower growth in sales vol-had expected. Shookeepers still re-umes in April but looked for faster port sales as relatively poor for the growth in May. Sales continued to time of year, perhaps because of the exceed those of a year ago, but the continuing effect of the poor weath- balance of those reporting iner, but some improvement in sales creased sales fell to plus 22 per is expected in May."

cent, the lowest since the survey be-The survey results are signifi-gan almost three years ago. (The cantly out of lice with the official balance is calculated by subtracting government figures for retail sales, the 25 per cent of the survey report-

which reached record levels in ing lower sales from the 47 per cent

ance of plus 22 per cent).

For May, 54 per cent of the retailthat "problems with seasonal ad- ers expected sales to increase, with months. justment, and the particular diffionly 9 per cent expecting them to fall, giving a balance of plus 45 per cent. This compares with an expected balance of plus 42 per cent for April this year while in May last year, a balance of plus 59 per cent of retailers expected sales to in-

"Off-licences and shops selling durable household goods such as cookers, freezers and audio equipment enjoyed the best business in April," said Mr Salisse. "But footwear and leather shops said sales were poor for the time of year and reported sales volumes lower than a year ago for the third month in a

Retailers also reported a high lev-

with higher sales, thus giving a bal- el of stocks in relation to expected pected sales growth of recent

Growth in wholesalers' sales volumes was better than expected in April after disappointing sales in March. Sales, bowever, were still regarded as relatively law for the

time of year. Electrical goods wholesalers and builders merchants reported the best growth in sales in April while farm machinery dealers once again reported sales volumes below 1985

In May, some 55 per cent of wholesalers expect higher sales compard with 15 per cent expecting a fall - thus giving a balance of plus 40 per cent. This compares with the reported balance of plus 42 per cent

Harveys launches drink sales drive in Spain

BY LISA WOOD

Spain by Harveys of Bristol, the Allied Lyons sherry and port subsidiary, which last year bought two sberry and port companies that beonged to the Rumasa group.

Mr David Beatty, managing director of Harveys, said: "My brief is to build a major alcobol business in Spaio where we have acquired brands other than sherry,"

Last June, Harveys, with substantial sherry interests in Jerez. bought two companies, Terry and Palomino y Vergara, which as part of the Rumasa group had been acquired by the Spanish Govern-

The purchase meant Harveys, chose best-known brand is its Bristol Cream sherry, became the major shipper of sherry. Other competitors include Garvey, Sandem Gonzalez Byass and Domecq, which s 16 per ceot owned by Hiram Walker whose wine and spirits businesses Allied is seeking to pur-

Mr Beatty said there had been two principal reasons for the Terry and Palomino acquisitions. The first was to buy maturing stocks of sberry so that Harveys no longer had to buy cask sherry on the open market. Under local industry regulations, no shipper of sherry can sources.

A DRIVE for sales is to be made in ship more than 29 per cent of its cask stocks in any one year. The ac-quisitions took Harvey's stocks of sherry from 40,000 butts to 105,000.

"We also felt that with Spain joining the EEC we should become involved in its liquor business," said Mr Beatty. The Terry acquisition brought Harveys other drinks brands such as 1900 and Centenario, two brandies which command around one fifth of the large Spanish market for brandy. Other brands bought in the deal included

Mr Beatty said Harveys, which was introducing other Allied Lyons products into its Spanish portfolio. was also looking to acquire further brands in Spain. The only other overseas business owned by Harveys is Cockburn, the port producer, in Portugal.

a gin and a punch.

The move into the national brand market in Spain comes at a time of difficulty in international markets for sherry. Sales in the UK, where Harveys has a 25 per cent market share, have dropped by around 11 per cent since 1980. Markets which are growing include the Netherlands and West Germany where Harveys, with a much smaller market share then in the UK, is allocating considerable marketing re-

Code of practice aims to curb late payments

BY WILLIAM DAWKINS

exert moral pressure on large cor- small traders. porate buyers to pay small business

uppliers promptly. The code, formulated by Mr David Trippier, the minister responsible for small businesses, and by take them to law ... But some peo-

Mr Trippier said that legislation to enforce timely trade payments to small businesses would be considered if the code failed to make any impact after two or three years.

"I find it disgraceful that multimillion pound companies improve their liquidity by squeezing the cash flow of small suppliers," be said. "Purchasers need to recognise that it is not in their best long-term interests to weaken suppliers by de-laying payment of bills, either deliberately or through inefficiency."

The code, which comes out shorty before the publication of a Department of Employment White Paper (policy statement) on how to reduce administrative burdens on business, was greeted with enthusiasm by large industrial lobby

Some small business lobbyists, however, expressed scepticism over. firms Centres.

THE DEPARTMENT of Employ- whether the code would make any ment yesterday launched its loog- difference to overdue trade debts, awaited code of practice designed to an increasingly severe problem for

Mr Trippier said: "The worst offenders are large firms who do not honour the terms of the contract and know that small firms cannot four industrial organisations, is ple in the small firms' sector should contained in a booklet, Payment on also get their acts together and also get their acts together and state right from the start what their terms of payment are."

The minister maintained that he had deliberately avoided giving the code any statutory backing because it was not the Government's business to loterfere too closely in private contractual relationships.

The booklet is to be distributed to government departments, local authority offices and local enterprise agencies - private sector-backed support groups for small businesses - as well as to banks and accountaots. It will also go to all members of the four industrial organisations involved in its compilation, the Confederation of British Industry (CBI), the Institute of Directors, the Institute of Purchasing and Supply and the Association of British Chambers of Commerce

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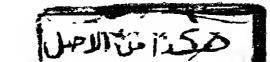
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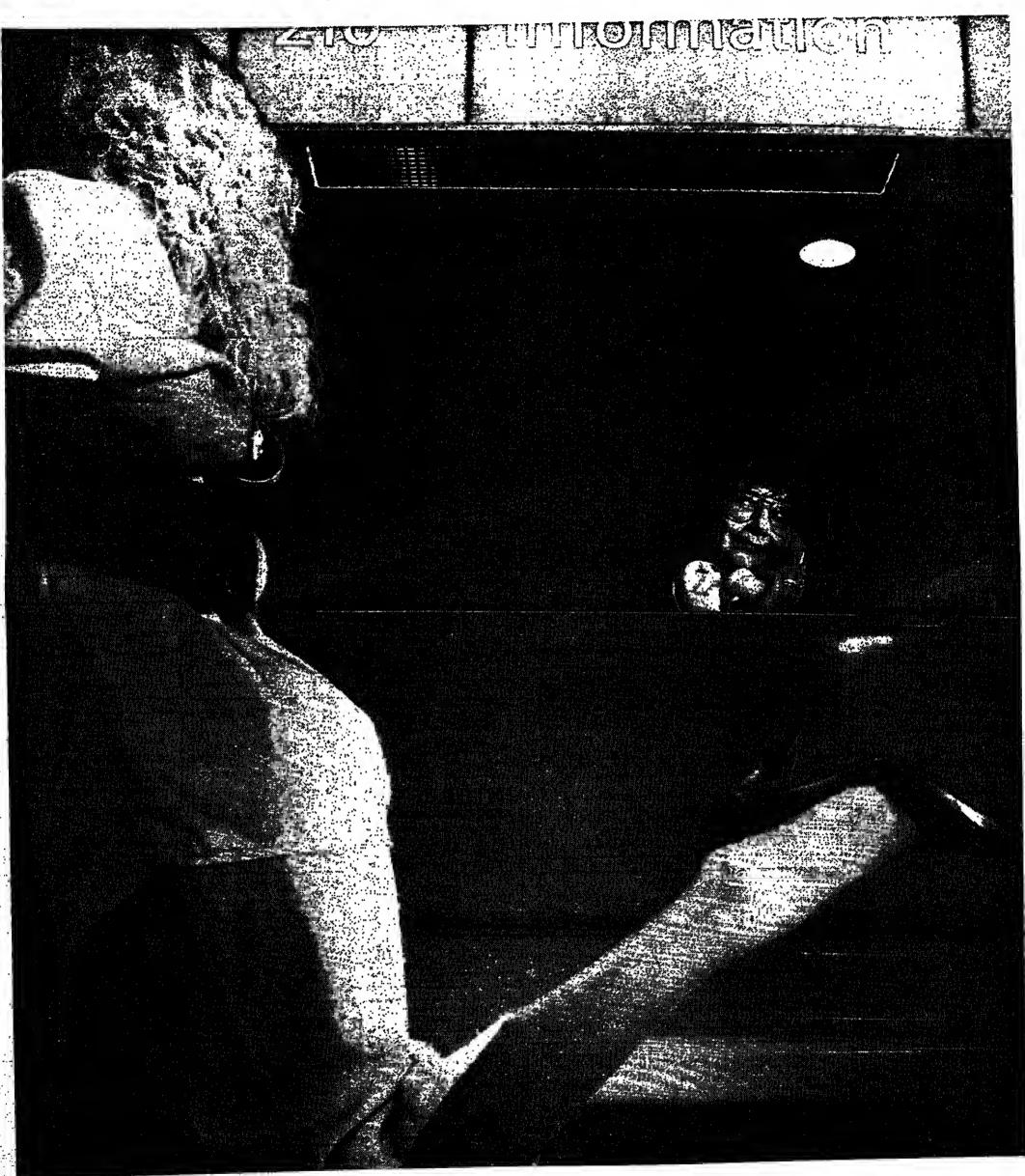
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JACK RENNIE, an affable former naval test pilot from Burlington. Massachusetts, has a lot to thank the Small Business of the control of the c Administration for:

ness Administration for: \$500,000 to be precise. For the SEA, America's he-leaguered provider of soft loans, investment and managemen: assistance to small businesses, has twice stepped in with cash at critical moments in the life of Rennie's defence electronics company, Pacer Systems. It funded Pacer's move into hardware manufac-turing in the early 1970s when it would have been almost imover-the-counter market. Later, the agency belped Pacer to reschedule its debts, running at two-and-a-half times the company's equity base, when in-terest rates were hovering at 21 per cent in 1981.

Rennie docs not mind admitting that it is partly thanks to the SBA's help that Pacer is now the SBA's help that Pacer is now a fast-growing \$17m annual turnover ousiness which last year managed to escape the then unreceptive US new issues market to get a quotation on London's Unlisted Securities Planket. "They came in just at the time when the company was reclined at any conceptualities. looking at new opportunities but when long-term capital was unavailable from other unavailable from sources," says Rennie.

Pacer is one of the more successful of the 20,000 or so small businesses which borrow more than 80bn under various programmes from the Washington-based agency every year. Yet the SBA, perceived by many in Europe as an important con-tributor to US enfrepreneurial success—even if a bureaucratic one—has now reached a critical stage in a fight for its life. Niewed as a soft target by the Reagan Administration, it is threatened with partial extinction for the second year runtion for the second year running in the President's drive to cut the nation's budget mic sense," be says.

America's SBA

A fight for some sort of survival

BY WILLIAM DAWKINS



Mow much of James Sanders' SBA will he left now that Charles Heatherley (right) is in the chair?

Certainly, Heatherley bas US Administration's argument given a wasted no time. On his first for abolishing SBA lending is Amdahl, day, he fired six of the SBA's that at least 60 per cent of Apple C 10 regional administrators be it is wasted on husinesses Laborator cause they were Sanders' appointees. Sanders, fiercely committed to reforming the agency, spent his four years there trimming bureaucracy, streamlining lending programmes and pleading with the White House for its survival.

deficit.

The White House wants to scrap all the SBA's financial functions from October I and short the rest-mainly progress.

"We can't belp making unpopular decisions. There aren't any unpopular programmes left to cut," responds Heatherley. The affair has aroused strong passions and by all accounts thrown the agency's local offices into chaos. "A lot of people are shunt the rest-mainty product ment and the Office of Advo-cacy, which rights the cause of small businesses in Government—into the Commerce Department. The plan would save an estimated \$5.20n over the next above the commerce of the Massachusetts Business three years.

Congress is determined that the SEA should stay independent and at least keep its government - guaranteed lending programme in some form. Even

Says Kenneth Smith, president of the Massachusetts Business Development Corporation, which bas issued SBA guaranteed loans to 73 husinesses, including Pacer, over the past

that would have got money any-

These, it is felt, also have an unfair advantage over those ventures that miss out on SBA soft loans — incidentally a common criticism of aimilar loan schemes run by some public enterprise boards in Britain. The anti-SBA faction adda that less than I no contact III common than I was contact less than 1 per cent of US small husinesses bave ever heen belped hy the agency, ao few people would miss it.

Certainly, independent surveys show that 80 per cent of small businessea feel the SBA has a neutral or had effect on their companies. Even the agency's supporters, including Sanders, agree that direct lend-ing, less than 5 per cent of the total last year, should end hecause it verges too close to

Amdahl, Federal Express, on the whole accept the Apple Computer and Wang Administration's case that the Laboratories. They got back-ing through Small Business Investment Companies (SBICs), private venture capital groups licensed by the SBA and with access to cheap federal money. These would also be ditched by

But if the SBA has really done so well in promoting entre-preneurial companies, that only reinforces the case against it, least, say the critics, "ft's because small husinesses and venture tainly be at the top of the

account for just 15 per cent of the \$16hn now invested in ven-ture capital, yet they backed 2,500 businesses last year as against the 900 supported by the rest of the risk investment industry. Of the \$3bn loaned to SBICs to date, just \$34m has been written off, a performance which private vecture capitalists
—with their admittedly riskier

portfolios—envy.

SBICs apart, critics accuse
the SBA of being fat, inefficient and involved in too many areas that have nothing to do with small husinesses like disaster relief lending or support for ethnic communities which are duplicated by other official

Sanders is the first to admit that the SBA bad justly earned a reputation over the years as "a pork barrel operation rather than an economically oriented agency dealing fairly with the issues." But that has now changed, be argues, so that the SBA is more efficient and work ing closer with the private sector than ever.

During the past four years, staff numbers have been cut by around 15 per cent to 4,000, several banks have been empowered to make guaranteed so per cent in 1978, to 43 per loans without consulting Washington and a private secondary market bas been created in SBA backed loans in improve the liquidity of banks' small busioess lending port-folios

Small business lobby groups agency still carries a deal of unproductive fat. The big sticking point is its role as defender of the small businessman's cause in Washington and enforcer of programmes that allocate a proportion of govern the Administration's plans.

SBICs have played an important part in the growth of US venture capital over the past would be hampered if it was venture capital neer the past 27 years and are attempting to escape the axe by getting their funding privatised. "The people we have belped are really at the jugular of small business growth," claims Walter Stults, president of the National Association of SBICs.

But if the SBA has really and supports the privatisation of SBICs. and supports the privatisation of SBICs, but argues that the Office of Advocacy should be kept independent at the very

say the critics. "fi's because small husinesses and venture capital are doing so well that there is less need for government subsidies." says Heatherley. "If we are going to allow free markets to work, we should now pull out of the credit allocation business," be arguea.

Stults counters that access to chean federal funds enables

The ageocy's future will certainly be at the top of the tainly be at the tainly be Development Corporation, which has issued SBA guaranteed lending programme in some form. Even so, the outcome is uncertain. After last month's resignation of James Sanders. SBA administrator, lobby groups fear that the agency might get quietly dismantled by Charles Heatherley. Sanders' renlacement, before a final decision comes from East of the SBA is good at helping the fore a final decision comes from Capitol Hill.

Development Corporation, hecause it verges too close to philanthropy. But government that the top of the delegates and that the top of the same doing so well that agenda when 1,830 delegates there is less need for government subsidies, says Heatherley. Sanders points out that only a small proportion of US businesses are in the market to work, we should now and it looks as if they will give pull out of the credit allocation business, because it verges too close to philanthropy. But government there is less need for government subsidies, says Heatherley. Sanders points out that only a small proportion of US businesses are in the market to businesses are in the market for commercial credit and that business and the top of small are doing so well that agenda when 1,830 delegates there is less need for government subsidies, says Heatherley. For the annual White Honse onference on small business. The warkets to work, we should now and it looks as if they will give pull out of the credit allocation business, because it verges too close to philanthropy. But government there is less need for government subsidies, says Heatherley. For the annual White Honse conference on small business. The commercial credit and that business are in the market to work, we should now and it looks as if they will give pull out of the credit allocation business, because it verges too close to philanthropy. But government there is less need for government there

Northern Ireland

Funding for real jobs

David Thomas reports on the province's small business agency

term interests of Northern Ireland simply to add to the number of small businesses."

for two reasons. First, they were spoken by George Mackey, chief executive of the Local Enterprise Development Unit. Second, small businesses are arguably one of the few rays of light in an otherwise gloomy Northern Ireland economy.

Ledu's own annual report, pub lished yesterday, showed that the number of jobs promoted by Ledu in its patch (companies with less than 50 employees) was 4,381 last year. The small company share of employment in the province has risen from some of it too is down to a good rate of formation of small busi-nesses, many of whom have been helped by Ledu's panoply

which are genuinely additional These words are surprising has prompted Ledu to pose four questions to all enterpreneurs or would-be entrepreneurs who

come looking for its help.
Would their products satisfy
an unmet local need? Would Northern Ireland's small bus- an unmet local need? Would iness agency as he sat in Ledu's they be genuinely innovative, impressive new offices on the opening up e new market? southern nutskirts of Belfast. Would they displace imports opening up e new market? Would they displace imports coming into Northern Ireland? Could they be exported from the

> Unless a small business can produce a convincing yes to at least one of these questions, then Ledu will not offer support. Some of the projects which would fall foul of these criteria. are obvious. Anyone suggesting a new bakery to cater for local eeds would probably get short shrift.

But, significantly, Ledu is trying to tackle this problem in a much more rigorous way. It is small business decides to has commissioned a raft of conrisk going for a new market, sultants' reports to help flesh out exactly what the four of the one-off costs of moving criteria mean for a potential into it, up to a limit of £15,000

been helped by Ledu's panoply of support measures.

So what was meant by Mackey's surprising words? He was pointing to a problem which bothers most agencies dispensing public money: how to ensure that industrial aid does not simply divert business and jobs to a company which is small beer some sectors. It is unlikely in budget last year of more than budget last year of more than budget last year of more than some sectors are agricultural point to some success stories, machinery, for example, unless incompany divert business and jobs to a company receiving the aid from a company which is small beer companed with Ledu's total budget last year of more than purply to make agricultural point to some success stories, like the colesiaw company from company divert business and jobs to a company receiving the aid from a company which is small beer companed with Ledu's total budget last year of more than companies wanting to make agricultural point to some success stories, like the colesiaw company from its product embodies a new Craigavon which started selling in the Republic and to Britain after Ledu had helped it with companies wanting to move into advice on packaging, design, mot.

"IT IS NOT really in the long probably sell within a 20-mile imports into Northern Ireland. erm interests of Northern radius," Mackey says.

The problem of creating jobs to add to the the problem of creating jobs it will be sniffy about proposed for low-grade printing. But it will be sniffy about pro-posals for low-grade printing-like tickets, because that market

ilke tickets, because that market its sown up.

Mackey stresses two interrelated objectives in elaborating its policies in this way. The first is to develop the capacity of existing small businesses to expand. The second is to encourage the province's small businesses to look outside Northern Ireland's inevitably limited market.

Exporting is notorinusly expensive and risky firs small businesses and Ledu says one of its many aid packages, the Market Development Grant Scheme, is of particular relevance for companies thinking of moving down that road.

This scheme pays 55 per cent of the cost of engaging a consultant to investigate whether there is a new market fir a company's goods and to devise a strategy for meeting it.

If a small business decides the risk going for a new market, then Ledu will pay 60 per cent

client.

Ledn intends to release the Ledu has so far spent only results of these deliberations about £250,000 on this new later this year, but it is already scheme, which is small beer total.

not. security printing or printing marketing and so on.

"About three-quarters of our associated with the computer Ledu will no dnubt be hoping clients dn not sell products out-industry, because demand in for more such stories once its side Northern Ireland and those areas is met mainly by sectoral strategy is settled.

Charterhouse seeks a further £2m

LIKE THE first cuckoo of spring, the first Business Expansion Scheme fund of the current tax year comes from the venture capital arm of the Charterhouse merchant banking group.

Charterhouse, one of the largest BES fund managers in London, with £12.2m invested in three vehicles, is this year looking for a minimum of £2m. That is down slightly from the £2m minimum for last year's effering, which in the event pulled in

That Charterhouse is set-That Charterhouse is setting its sights slightly lower this time is a sign of the new cantioneness felt by all BES fund managers following the spectacular flood of non-fund direct issues; under the scheme towards the end of the 1985-86 tax year.

The HES allows individuals.

of the 1985-36 tax year.

The BES allows individuals to claim generous capital gains and income tax reliefs for investing in unquieted businesses. According to John Harrison, editor of BES Magazine, 100 direct issues raised fillom in the tax year ended last month, up from

£80m raised by 70 companies in 1984-85. Funds' share of BES investment slipped from £50m to £36m over the same

Richard Duncan, managing director of Charterhouse Busi-ness Expansion Fund Manage-ment, says the fund will be launched officially early next month to ensure that it is fully invested by the end of the tax year, thereby allowing investors to claim full tax relief.

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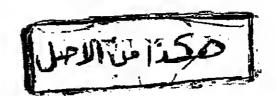
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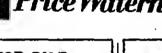
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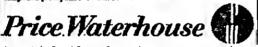
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Warratts will be posted from the Kimboriev and the United Kingdom Gres of the transfer secretaries on a about an August. 1986 Registored shareholders paid from the United Kingdom will receive inc United Kingdom currency equipment on 30th June, 1985 of the rand salue of their dividends liess appropriate taxes. Any such standardorders may, however, elect to be paid in South African currency, provided lifel the reducest is received at the offices of the ordinary share transfer societies and registers of members will be considered to the share transfer considered states and registers will be closed from 28th June, 1986 to 11th July, 1985, both ones from the Course of the companies and blood and to inspected at the needs and London offices of the companies transfer secretaries in Kimberley and the United Kingdom.

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London galleries/William Packer

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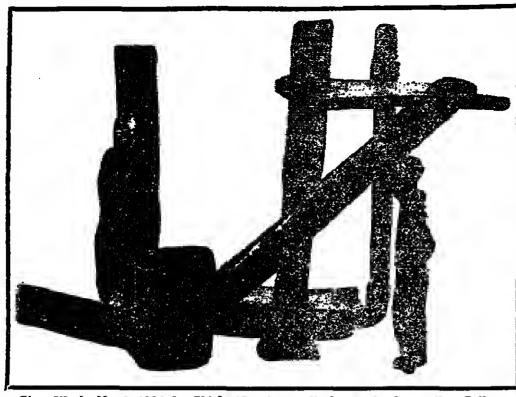
Opportunities, like tions, seem often to come and go more or less arbitrarily, the creatures quite as much of the shifts and chances of critical fashion, or even of sheer luck, as of any absolute and decisive merit or desert. But merit, we must believe, will out in the end, and two current one-man shows supply a timely reassur-

ance.
Certainly neither Ghisha
Koenig, whose small figurative
sculptures and reliefs occupy one room of the Serpentine Ga lery (until June 15), nor the late Francis Davison, wbose abstract collages fill the Redfern Gallery (until June 171, could ever he said to have courted fashion in their long and consistent careers, whatever might have been their hopes of success. Both of them clearly preferred to work on in comparative obscurity on the work itself, and if at last thet world should come round to them again, so much the

Indeed. if the supposed revival which figurative paint ing and sculpture have enjoyed in recent years has brought with it a more sympathetic critical response to Miss Koenig's work, it can give her only a wry satisfaction. If her work is serious, authentic and accomplished now, mutotis mutondis it was surely alwaya We have here at the Serpentine a choice retrospec-tive of the work of some 20 years, but in its essential character it has remained quite unaltered for more than 30. It such specific limitations would has developed in formal lerms, admit, and anyway more visual of course, and shifted in and physical than literary.
emphasis and practice as it has resolved a technicality here or her factories by her own in addressed a new subject there. but always it has remained closa and true to the artist's clear vision of ber world, and her place within it.

Working herself, her subject

has always been others at work, in factory and machine shop, and her engagement has been consistent in its modesty, directness and practicality. There is nothing overtly polemical, let atone histrionic, in the scenes she sets, in her workaday tableaux of machines. that she models and disposes so



Glass Works No. 1, 1984, by Ghisba Koenig, on display at the Serpentine Gallery

A superficial accialist gloas may oe put on them readily eoough, with a feminist reading no doubt soon to follow, but though we are free to read them as we like, the narrative quality of the work is something more detached and disinterested than

Misa Koenig was going into her factories by her own initiative and interest long before the days of community arts and grants and artists' placements io industry. Any subsequent rationalisation must be respected, but the evidence of the work itself is that it was the physical human presence animating a given context, and the drama of particular, albeil monotonous activity, which commanded that first and last-

For her the factory is a kind of theatre, the workhench its unselfconscious stage, with the unselfconscious stage, with the dark bessian boards on which sities of the work itself.

workers actors about their so many of them are set hardly That work indeed was its trophies, natural business, tending their help. To set the images directly own reward. He refused always impressive.

ing interest.

drills and preses and guillolines. on the wall, were that possible, The vocabulary of forms and might have been to set them images she has developed for free. The vocahulary of forms and images she has developed for their deacription is entirely personal and admirably effective, her tiny figures charac-

terised by simple geslure and disposition, the most complex machinery set up by a few rolls and slabs of clay cut and pinched together. The art is always deceptively discreel. These are small things, the free-standing works on their high plinths especially so, but they are none the less authoritative for that and may even be said to be truly monu-mental in their imaginative force and the great mass and a form, the illusion is more graphic, less substantial. The dark bessian boards on which

A mass of the drawings from which Miss Koenig has always worked, and more of her sculplures, are on show at the new Boundary Gallery, at 98 Boundary Road, NW8 (until June 14).

Francis Davison, born in 1919 and only a year or two older than Miss Koenig, died two years ago having only just begun 10 see his life's work attract a proper critical attention. He was a most serious and committed artist, devoted entirely to his work, but he was naturally reclusive, and if the world chose to ignore what he did, he had too much a space they so curiously and the world chose to ignore what positively propose. It is a measure of the sculptor's gift this should be so, and if as much cannot quite be said for the modate in any way. This is not work to compromise or accom-modate in any way. This is not to say that he was arrogant of cannot quite be said for the reliefs, it may be because, by the very nature of the relief as a form, the illusion is more change came, it could only be to meet the demands and necestical of the work itself.

to gloss it or explain it, to talk about it or himself, in short to help the viewer of it along in any other way than to present it, to he taken as it was or left. He would shrink from making any inflated claims for it, and it was perhaps a function of his fundamental humility as an artist that he should com-mit himself throughout his maturity as an artist not to the substantial and acceptable medium of oil on canvas, but to the more ephemeral and inconsiderable collage, nothing but strips and trifles of coloured paper stuck together which over the years accumulated into a pile that filled the spare bedroom, where be worked, from floor to ceiling. That these works were also very much of their time is now clear, a natural and unforced abstract expressionism steeped in that same feeling for the

English landscape that so many of the artists of his generation. Davie. Heron, Lanyon, all felt so strongly. He was working with irregular shapes, developing bis collages as autonomous objects, rather hefore it became the international orthodoxy of the shaped canvas of the 1960s, and the happy, casual in-formality of the result anticipated much of the work of the 70s and 80s. But here is nothing arbitrary or unthought: the casualness is most deceptive, for the structure is always sound and the discipline exact. The beauty of what he achieved speaks for itself.

speaks for itself.

To close, I would mention again Black Sun, the exhibition of contemporary Japanese photography which I saw at the Museum of Modern Art in Oxford hefore Christmas and now occupies the Serpentine'a three other rooms (also until June 15). Four photographers take part all much of an extra large transparent and much of the exhibition of contemporary and much of the exhibition of contemporary days are the much of the exhibition of contemporary days are the much of the exhibition of contemporary days are the much of the exhibition of contemporary days are the much of the exhibition of the take part, all much of an age but showing work of the 1960s in two cases, the others more recent. Hosoe's allegorical account of the Rice Spirit's disruptive journey through the landscape. Fukase's ominous crows and Morlyama's close-up vision of the city all have their potent moments, but more so even than in Oxford, it is Tomatsu's cool essay upon Nagasaki in 1961. with its images of stolcal survivors, shattered statuary and grimmar trophies, that is the more

A Night of Passion on Buttermoor Drive/Chester

Martin Hoyle

It takes all the playgoer's has it, to a step up as a TV pre-bourhood, who nevertheless dedication to visit Chester's senter, and is obsessed with casually gardens in the nude senter. After the best part of an unscheduled and the casual listlessness. Act 2 Beware the oracular primitive. Gateway Theatre. After the best part of an unscheduled and unexplained four hours on Rowana battle over the black British Rail, inadequate signposting through a modern
shopping precinct (follow the
signs to the Fish Market) leads
him to the theatre and a start.

Roware characters with fumny

Beware characters with funny him to the theatre and a start-ing time that bears no relation to advance publicity.

Having been advised to close names, especially surnames like Lamp (David has a son called Mazda). They are usually utterly improbable; like the trendy TV lady who three in The Glory of the Garden, the Gateway is bouncing back with expanded facilities, a 48-week season and further development planned. The culmination of this burst of minutes after meeting someone is probing intimately into sexual rartridge d attitudes: or the arrivista businessman determined to fit into which he set the socially desirable neightoo loyally. culmination of this burst of admirable civic activity is a specially commissioned work from Bob Mason, a veteran of television (notably Coronation Street). Unfortunately the world premiere of A Night of Passion on Buttermoor Drive revealed a dismally confused and jaded piece.

as personified with stiff dignity by Louis Emerick's South African, the ripe wisdom of whose Sibviline utterances are rendered even more cryptic by semi-audibility. Beware charac-ters that swivel from farcical ters that swivel from farcical cutouts to serious mouthpieces (Yvonne Edgell's Rowena is touching when abandoned) to suddenly hlase cynics. Deborah Fairfax and Robert Whelan work hard as the hosts, Philip Partridge directs with no particular sense of direction; in which he seconds the author all too lovally.

Young England/Adelphi

Martin Hoyle

and jaded piece.

The opening premise, that a media couple—in Granada-land, not Hampstead—invite nuknown and oddly contrasted neighbours to dinner, raises hopes of another incursion into the territories of Mika Laigh over the decline of modern morality. The 1934 audience took it hilariously to its bosom. The play became a cult; nightly the spectators rocked at the high moral tone and passionately sincere naivety while the hapless author urged them to take bis message seriously. It was a bright idea to revive this piece of Victorian barnstorming written for the age of technology (motor-vehicles and cameras play crucial roles in the plot) for a charity gala.

Tha octogenarian Walter by Miriam Karlin's Irish police-Reynolds had an unexpected success with bis melodrama of Boy-Scout values triumphing over the decline of modern morality. The 1934 audience took it hilariously to its bosom. The play became a call price to by Miriam Karlin's Irish poince woman. A sense of occasion was some generated which the subsequent good-natured proceedings sometimes failed to live up to—affine to be a sense of occasion was some generated which the subsequent good-natured proceedings sometimes failed to live up to—affine forced me to leave after 3!

nopes of another incursion into the territories of Mike Leigh. Doug Lucie or Michael Frayn. The first act resembles a colour-less animated seasida postcard, bowever, with a sprinkling of media references ("I'd rather ig et stuck in a lift with Russell Crant"), a sit-com with feeble gags ("Do you like Victoria Wood?" "Is it nearby?"), a farce with no actiou.

I The dinner guests expected by David and Hilary have cried off with a prescience that the thatre management might have emulated. They are replaced hy an upwardly mobile business-man in electronic leisure and the lonely wife who laments it their down to earth working class origins; and middle-aged Rowena who, it transpires, has left her husband in South Africa and produces a fugitive black poet, on the run from a murder rap.

David is disillusioned with the worthlessness of madia life. Bilary hovers on the hrink of "committing" as the jargon on the mink of "committing" as the jargon of "committing" as the jargon on the mink became a cult; nightly the spectators rocked at the sing moral tone and passionately sincer naivety while the spectators rocked at the sing moral tone and passionately sincer naivety while the spectators rocked at the sing moral tone and passionately sincer naivety while the hapless author urged them to take bis message seriously. It was a bright idea to revive a might class of the plot) for a charity gala. Action and process of the sets for Ma and My Ciri.

Charity performances are not to earth working class origins; and middle-aged Rowena who, it transpires, has left her husband in South Africa and produces a fugitive black poet, on the run from a murder rap.

David is disillusioned with the sectional passionately sincer enaivety while the search cury and exercise versus drink and exercise versus drink and exercise versus drink and exercise versus drink the bage of victorian barnies in the hapless author urged them to take bis message seriously. It was a bright idea to revive and to take bis message seriously.

The dinner of the sector

Ringing the changes at Paris Opéra

ted exclusively twentieth-century works, mostly in con-temporary ldiom, from a re-vised version of Merce Cun-nlngham's Un Jour ou Deux announced replacement, a redown to an all-Bejart evening.
This included his skit Arcpo on the Opera and classical ballet as institutions, which the company will, forgivingly, a result, audiences saw a new he performing during its forthcoming American tour.

The contents of the last programme given before the much or Balanchine's Agon (hardly a postponed departure for Now work to throw on as a filler)

Toronto Symphony's grand tour

Between ita concert at the ing Ireland. West Germany, Usher Hall in Edinhurgh on Holland and Belgium, for the August 26 and its farewell to Flander Festival. Europe at the Salle Pleyel, Paris, on September 19, the hurgh Festival will include Ivo Toronto Symphony will be the Pogorelich as soloist in the first Canadian orchestra to play at the Edinburgh Festival,

The orchestra's first European tour since 1983 marked the largest international enterprise of its 64-year history. Under its its 64-year history. Under its for the British concerts: among music director Andrew Davis. it the others are Tata and Lyle and will play in 11 countries, includ- the Royal Bank of Canada.

vival of Janine Charrat's 'Adame Miroir, much more eagerly awaited, has now been postponed until next season, As work by Dominique Bagouet.

The two concerts at the Edinopening programme, besides the Stravinsky double hill of Oedipus Rex and The Soldier's Sweden, Denmark and Finland. Tale. The Canadian planist Louls Lortie makes his debut at the Proms with the Symptony on Sentember 1. British Alcan Aluminium are among the sponsors

young French choreographers. New names in classically based choreography are hard to find, but for some years experimental groun; of all kinds have been flourishing throughout France, as have dance and choreography competitious. It was through winning the first nrize at Bagagouet brst became known in France,

In his 40-minute work for the Opéra dancers, he seems to have heen more conceroed to adapt them to his minimal movement style than to use their magnificent classical technique. Bare soloisis, foot, wearing what resembles Floren a superlor sort of atring vest, the group of 20 dancers seemed slightly emharrassed at first

and having the dancers enter expressive features.

Rudolf Nureyev is no doubt set clash badly with the dark fulfilling a duty to his host crimson of the background country by presenting on the one hand works by Béjart and on the other hand novelties by ballet received polita applause on May 10.

Now a guest artist io Paris, Patrick Dupood is rejoining the company for the American

executing the oft-repeated limp graphique." Atanasoff was givarm movements and, for them, ing his farewell performance as demandingly soft steps, accompanied by Marc Bonnet's Fan. will be deeply regretted, for tasia Semplice for violin, viola, even now that he is no longer and cello that gives the work an outstanding virtuoso, he is its name. Having that Intoxicatingly at he bas a strong, manly reserved and exceptional power bagonet follows Andrew Degroat to communicate with his auditory. n opening it up at the back ence hy means of unusually

Some of the youngest dancers taking part in the Bagonet and Lifar works had appeared in last year's annual performance hy the Paris Opera's superh school. Two of the boys who danced in that memorable Fille mal gardée have since been assigned solo roles, while sparkliog Alexandra Gonin still awaits her opportunity. This year's bill of revivals is less likely to stay in the mind, but it served its purpose of display-

the Opera-Comique would have led one to expect to see the same evening a programme such as that offered at the hig bouse.

Après 'L'Après-midi' /Elizabeth Hall Dominic Gill

and jaded piece.

the territories of Mike Leigh, Doug Lucie or Michael Frayn. The first act resembles a colour-less animated seasida postcard,

such deft attention to detail, that one was tempted to rank it higher.

it was played on this occasion open-ended work-in-progress) Goose to find a more persuasive with such solicitude, and with the much longer Eclat-multiples, or elegant advocate.

The Philharmonia played tha last of its Après "L'Après-midi" series (music after Debussy's that one was tempted to rank it series (music after Debussy's that one was tempted to rank it series (music after Debussy's that one was tempted to rank it series and more sensuous, less inches that one was tempted to rank it series more l'Oye is not that sense Ma mère l'Oye is not that sen . Ravel's nursery music is far

Don Menza/Bull's Head, SW13

someness to which he is prone, imposing lolal seriousness, but it would take a massive does of imagination to connect the performance with Nijinsky in the throes of choreography. Jean-Marie Diddre stood out among several admirable soloists.

Florence Clerc and Cyril Atanasoff may be considered the definitive couple in the central roles of Lifar's "féerie chore available in the home graphique." Atanasoff was giving la acceptable in the casy spring ha farewell performance as the Young Man; his retirement will be deeply regretted, for even now that he is no longer and the day that nothing in even now that he is no longer and the day that nothing in the strictly classical matinée at till now man that he is no longer and the casy that the contract of the strictly classical matinée at till now man that he is no longer and the casy that the contract of the strictly classical matinée at till now man that he is no longer and man the strictly classical matinée at till now man that he is no longer and man the strictly classical matinée at till now man that he is no longer and man the strictly classical matinée at till now man that he is no longer and man the strictly classical matinée at till now man that he is no longer and man the strictly classical matinée at till now man that he is no longer and man the strictly classical matinée at till now man that he is no longer and matinée at till now man that he is no longer and matinée at till now man that he is no longer and matinée at till now man that he is no longer and matinée at till now man that he is no longer and matinée at till now man that he is no longer and matinée at till now man that he is no longer and matinée at till now man that he is no longer and matinée at till now man the till now man the till now man the funk/fusion destruction des

hard-toned player, easing into and staying in the npper regis-ters with the aplomh and con-fidence built up by those hig band years. On flute he is agile and sustains solos with facility, well and truly prove his Freda Pitt Last Saturday, in an exciting,

an easy, comfortable ride. Usually taking the opening total of six tunes over two septemence of choruses, Morrissey threw down the challenge unequivocally, making sure that when Menza came in be had to will send truly proper his control of the challenge unequivocally, making sure that when Menza came in be had to be a send to the challenge unequivocally. reputation. .

Don Menza's final London appearances are on Thursday at the Pizza Express, Dean Street. Which he did. His polished technique and experience made the Bull's Head.

Music/Monday. Opera and Ballet/Tuesday. Theatre/ Wednesday. Exhibitions/Thursday. A selective guide to

Mozart Festival, Le Nozze di Figaro. Orchestre da Paris conducted by Da-niel Barenboim, Paris Orchestra choir conducted by Arthur Oldham, in Jean-Pierre Ponnelle's production, is co-produced with the Wash-ingtoo Opera and the Theâtre des Champs Elysées at the Théâtre des

alome alternates with Soirée de Bal-lets and La Bohème, conducted by Thomas Fultoo in Gian Carlo Me-notti's production, with Fiamma Iz-zo d'Amico/Reana Cotrubas/Helene Garetti in the role of Mimi and Lu-Garetti in the role of Mimi and Lu-ciano Pavarotti/Bruno Beccaria/ Giacomo Aragall in the role of Ro-dolpho at the Paris Opera (4266 5022).

La Fille du Régiment alternates with the ballet school Soirée at the Opera Comique (4296 0611).

ITALY

Rome: Teatro dell'Opera: La Boheme, conducted by Daniel Oren and di-rected by Pierluigi Samaritani, who also designed the scenery and cos-tumes. The cast includes Nelly Miricioiu, Francesco Araiza and Ales-sandro Corbelli. (46 17 55).

Turin: Teatro Regio: Turandot, Eva Marton sings the title role. The scenery is designed by Josef Svobo-da (548 009). Genoa: Teatro Margherita: Tannhaus

er conducted by Milan Horvat in-cludes Richard Vesalle (alternating with Spas Wenkoff, Siegfried Lo-renz, Karl Ridderbusch, Jeannine Altmeyer and Marita Napier (589 329).

Naples: Teatro San Carlo: The Barber of Seville, conducted by Bruno Bar-toletti and with Margarita Zimmermann. (418 266).

Madrid: Die Walkure with Montserrat Caballe and Siegfried Jerusalem, Kurt Moli, Hans Sotin, Johanna Meier. Teatro de la Zarzuela. Jovel-

Meier. Teatro de la Zarsuela. Jovel-lanos 4. (429 82 16).

Barcelone, Edip I Jocasta by Catalan composer J. Soler. World premiere of opera version with composer's as-sistance. Enriqueta Tarres, Jerzy Artysz and Enric Serra. Gran Tea-tre del Liceu, Sant Pau 1. (318 92 77).

Valencia, Culiberg Ballet Giselle. Tea-tro Principal, Barcas 15 (351 00 51).

Amsterdam, Stadsschouwburg, Fidelio performed by the Netherlands Op-

May 16-22

era and directed by Harry Kupfer, with the Netherlands Philharmonic under Edo de Waart. Luana DeVol as Leonore, and Günter Neumann as Florestan. (Mon. Wed). (24 23 11). Arabem, Schouwburg. Opera Forum with Tchaikovsky's Eugen Onegin directed by Jan Bouws and conducted by Alun Francis, with Thea van der Putten, Hein Meens and Henk Krenkniet (Tue, Thur). (42 27 41). Anisterdam, Stadisschouwburg. Duets for ballet and music danced by Alexandra Radius and Han Ebbelaar, andra Radius and Han Ebbelaar, with Christiaan Bor, violin, and Frederic Meinders, plano (Tue). (24 23 11). VIENNA

Stantsoper: Manon Lescaut; Medame Butterfly, conducted by Kulka, with Watanabe; Cavalleria Rusticana; Pagliacci; Götterdammerung with Jones, Balsen, Ludwig (53 24/26 55). Volksoper: Die Zauberflöte, conducted by Bauer-Thenssl; Die Csar-dasfürstin conducted by Bibl; Das Land des Lächelns; The Barber of Seville, (53 24/26 57). Seville. (53 24/26 57).

NEW YORK

New York City Ballet (New York State). Lincoln Center (870 5570). American Ballet Theatre (Opera House): Mikhail Baryshnikov brings his company to its two-month spring season with four new works choreographed by Kenneth MacMillan, John Taras, David Gordon and Karole Armitage, which join the repertury that includes The Nutcracker, Don Quixota, Giselle and La Bayadere. Ends July 5. (382 6000).

Tom Robinson/Duke of York's **Antony Thorncroft**

Tom Rohinson is the acceptable face of the Revolution.
While Weller grimaces, Robinson grins. As he gets older there

While ideologically committed young pop stars like Billy Bragg and Paul Weller bave had a great success with their Red Wedge tours, which sell the Labour Party along with the music, the pioneer political in the rock world, Tom Rohinson, has been below the barricades. He has now surfaced for a month of Sunday night concerts at the Duke of York's Tbeatre.

Tom Rohinson is the accept—

The recent songs contain love.

The recent songs contain love

Tom Rohinson is the acceptable face of the Revolution. While Weller grimaces, Robinson grins. As he gets older there is an inevitable switch in emphasis away from general attitudising and towards personal involvement. He wants change because of his own experiences, not because of textbook dialectics.

His own performance is quite revolutionary—ha plays his old hits in the first set, trusting to the loyalty of the fans that they will return after the interval for the songs from the new album. His gamble pays off. You are lulled into a cosy noatalgia by "Power in the Darkness"; "2468 Motorway"; and "Too good to be true," and while the fresher material may not be quite ao powerful it is varied and idiosyncratic enough to be fun.

The early work, songs like "Up against the wall," now aeem among the most powerful anti-Establishment polemics since Brecht and Welli. And, of



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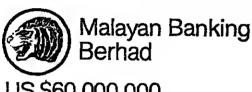
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LUKCARDOURG, AEROGOURG SHERATON HOTEL
LUKCARDOURG, AEROGOURG SHERATON HOTEL
LUKCARDOURG, AEROGOURG SHERATON HOTEL
SHERATON BELGRAMA SHERATON HOTEL
STORTUGAL, LISBOA SHERATON HOTEL
SWIEDEN, SHERATON STOCKHOUM HOTEL & TOWERS
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period from 20th May 1986 to 20th August 1986 has been established at 7%, per cent per annum. The interest payment date will be 20th August 1986. Payment, which will amount to US \$4,671.88 per Certificate, will be made against the relative

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accordance with the provisions of the Notes, notice is hereby given that the Rate of interest for the interest Period 20th May to 20th November, 1986 has been fixed at 71% per annum. The Coupon Amount will be US\$188.47 in respect of US\$5,000 denomination and will be payable on 20th November, 1986, against 1986, against surrender of Coupon No. 11.

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COMPUTER INDUSTRY

Terry Povey on how the Norwegian minicomputer group is challenging its rivals

Norsk Data discovers the key to growth

NORSK DATA has emerged as Europe's main rival to the Americao majors in the important minicomputer market and is now challenging for a place amoog the leaders of the industry's second tier in Europe.

Norway may seem ao unlikely birth place for an international computer success story. But Norsk Data combines a workmanlike approach to technology with a keen cose for finance; it has successfully made the transition from being boffin-oriented to being market-centred. In addition, there is a distinctive "group culture," with plants more like university disti0ctive campuses in atmosphere thao manufacturing centres. How-ever, as the staff are major shareholders, the appreciation that it is results which count is out lost.

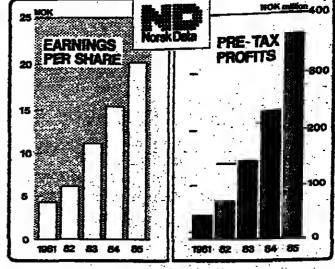
Like the rest of the computer industry, the minicomputer market has had its troubles io recent years. The US companies—Digital, Data General, Gould, Prime, Tandem, and Wang—which dominate the computer world's second divi-sion, all had a lean 1984-85. But Norsk Data's profits were up 55 per cent to NKr 330m—the fifth year io succession for this rate of profits growth. In five years turnover has almost quadrupled to NKr 1.9bo (\$424m) and the growing maintenance and software element, oow 25 per ceot of the total, is testament to the resilience of the installed base.

So how has Norsk Data managed to keep piling growth upoo growth? The minicomputer is primarily an industrial workhorse, processing data or controlling systems. Norsk Data has established an important niche in this market important niche in this market by offering machines and operating systems designed to do just this kied of work. As there are few frills detraction from the central purposes of high quality and efficient number crunchiog, so the customer gets more speed and greater capacity for these tasks.

Such technological single-mindedness has enabled the group's sales effort to be un-flinchingly dedicated to certain markets, Hence Norsk Data has oever eotertained the ambition to become an allcomputer manufacturer.

A typical sale is a £75,000 (\$115,000) order to a mediumsized company or the local





Rolf Skar: opening the doors for sales by challenging the "Big Guys."

of mainframes costing several million apiece, they fit the bill of many customers keen on linking up computers so as to get more out of what they have. The breakthrough for the group's products came in 1972. CERN, the European nuclear research centre, had received 80 tenders—one of them from ND—for computers to analyse

ND—for computers to analyse results from its new pasticle accelerator, altogether a massive NKr 3bn project.

Mucb to the chagrin of some of the longer established conteoders for the contract, CERN took a risk and decided to by from the Norwegian group on from the Norwegian group on the basis of a sketch of a system in which many users would be able to carry out different operations at the same time. By the eod of 1976, Norsk Data had 50 computers operating at CERN.

"This was how the Norsk Data advecture really began," says Mr Rolf Skar, one of the founders and now president and chief executive. "We had challeoged the big guys and now the doors to the world market opened up." opened up.

The next big step came in 1977 when Norsk Data cheekily tendered, on the majors' home ground to the US, for a big slice of the contract for the F-16 fighter plane training simulators. It won. Over the years, this has become a series of contracts worth some NKr 1bn.

But many a bright idea in the computer business bas foundered on a lack of appreciation office of a state organisation of financial imperatives. When or large company. Norsk Data's systems range from £15,000 to £500,000 in price and if the first commercial range of minicomputers was mini range lacks the glamour marketed by Digital of the US group was suit being run by engineers, and paid little attention or saiary to the salesmen. "We fired marketing directors as fast as they came in," recalls marketed by Digital of the US

in the mid-1960s, only £5,000 of borrowed capital was involved.
A listing on the Oslo Stock
Exchange in 1975 provided no answer to the group's needs. By 1981 Norsk Data's need to raise funds had become critical to future growth. So the group turned to the London Stock Exchange.

Stock Exchange.

Mr Pascal de Salaberry of fund managers Ivory and Sime remembers meeting Mr Skar and the Norsk Data team during their first visit to the UK: "In their first visit to the UK. "In 15 to 20 years of meeting companies, Norsk Data are one of the ten I remember most favourably. Few management teams really think of the questions they are likely to be asked, but Norsk Data had gone a step further and asked themselves the key questions. If other computer companies, in Europe and the US had done the same we have the extraordinarily sucthe US, had done the same, we would not have had so many torpedoes in the past few years."

The success in London, which was followed up by a flotation of ADRs in New York, is clearly attributable to Norsk Data's ability to get its message over. This in turn has to be linked with the mid-1970s switch of management attention to mar-

At this time, while the frame-work for expansion was in place -the company had produced its basic products plus the nperat-ing system to bold them to-gether—profits were poor. The group was still being run by

After a major rethink, Mr Skar and some of the engineers moved over to a revamped marketing department. It is this switch that has enabled the chief executive to become the head of Norsk Data's team at

While Mr Skar is chief executive, decision-making in the group is delegated. The informal managerial approach rud beadquarters near Oslo is one of the group's key features.

presentations to institutions.

given the extraordinarily successful employee share scheme owning over 8 per cent of the group. "All decision makers have most of their personal wealth in the company," according to Mr Skar.

However, sceptics argue that the culture and employee loyalty, plus a good deal of the commercial success, has more to do with the relative isolation of Norwegian base than with Norsk Data would be the first

to admit that it has benefited from the protectionist shield. around its home base—just over half total sales are to Nor-

company that looks increasingly to the international market for funding and new customers.
Norsk Data sees itself as a European company, with the key issue being its overseas expansion strategy. The group has established some subsidiaries through greenfield projects, others by acquisition, and has entered distribution agreements or set up joint-

In the UK the choice was a greenfield subsidiary, which now has a £8m turnover ventures. through a marketing and softthrough a marketing and sold-ware development unit employ-ing 200 people. However, a joint venture with Racal on artificial intelligence research has, by mutual agreement, been aban-

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mutual agreement, been abandoned as too costly for both parties. This further underlines Norsk Data's willingness to experiment, though only within strict financial limits.

In France a distribution agreement with Matra (in its own right e major force in the European computer market) has opened up access to that country's closely controlled public sector. In Germany, by contrast, Norsk Data has successfully entered the local industrial market through the successfully entered the local industrial market through the acquisition of Dietz, the CAD/CAM, computer-aided design and manufacturing specialist.

Norsk Data is currently placed fifth in Europe—just

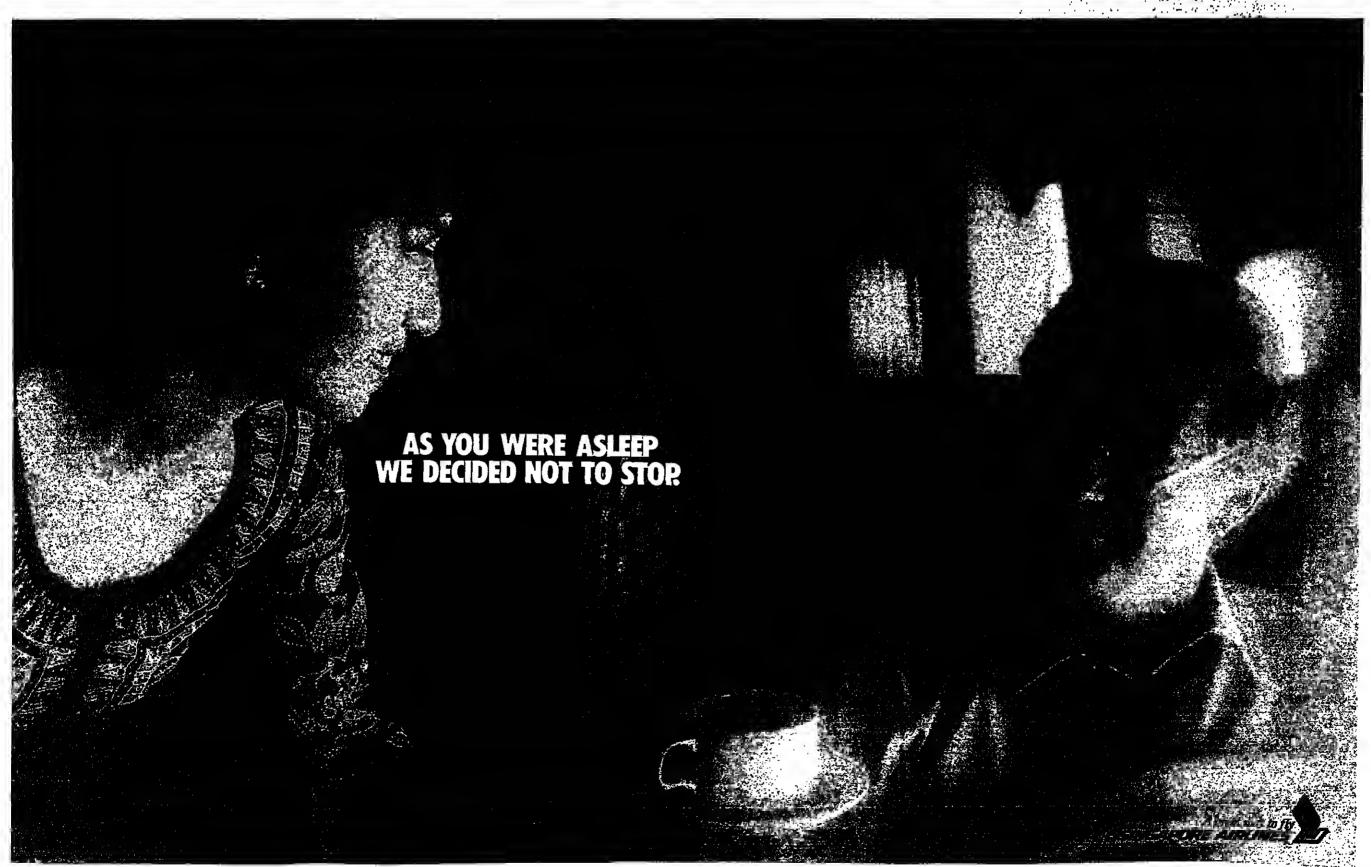
behind Prime, which it expects to pass this year. Activities in the US have been limited in a small number of big contracti (making it the group's most profitable single unit). How-ever, discussions are now at a fairly advanced stage with an unnamed partner ("long on marketing short on products") with a view to a major distribution arrangement.

In the medium-term Norsk

Data needs to keep up in the intensifying products race and to master selling in markets in which there is no "buy Norwegian" bias. Much hangs on the successful launch of the 32-bit minicomputer due in early 1987—clearly intended as the group's new standard pro-

the group's new standard product.

"For three to five years.
Norsk Data has the products to see it through, but very soon it will need in be manufacturing the next generation. In the meantime it must continue to be cheaper than the US and have products which perform better than the European alternatives." said one analyst. wegian customers, ternatives," said one analyst.
However, it must put up The 60 per cent rise in R&D
with the Norwegian Government's insistence that control of Norsk Data remain in Local hands—an obstacle to a the need to keep spending.



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TECHNOLOGY

David Boothroyd looks at Sagem, which is pioneering a new technique for the manufacture of magnetic chips

How the French bubble is being given a memory boost

THE only European maoufac-turer of magnetic bubble memories, French company Sagem, is pioneering the use of a technique that abould produce single chip memories contain-ing 64 megabits by the end of the decade. the decade.

That will be at least four times the storage capacity that conventional silicon chip memories will have, and equivalent to more than 1.3m words. The chip and its associated circuitry will measure around 1 in square.

The technique, ion implanta-tion, has been used by the semiconductor industry for some time in the production of standard silicon integrated circuits. Its application to bubble memory production is more recent, and Sagem is already selling a one megabit memory that is made with the process.

SNCF, the French railway system, is using it in a journey recorder, like the black box used in aeroplanes. Similar devices have been built for the Paris metro and a French bus

Other bubble memory makers such as Hitachi end Fujitsu of Japan and Intel of the US have yet to use the technique. Hitachi is planning to do so in a 16 megablt bubble memory due to be introduced within the bubble memory. due to be introduced within a

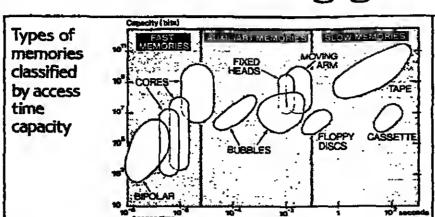
Bubble memory makers form a select band — there are only five, and soon there will be four. When the technology first reached the commercial market-place in the mid-1970s, there were more than 10, including housebold names in the electronics industry such as Texas Instruments. Netional Semiconductor, Rockwell and Plessey. ductor, Rockwell and Plessey.

All these have since pulled out, although some, especially Plessey, still sell products that have bubble memories inside them. The five remaining are Hitachl, Fujitsu, Intel, Motorola from the US, and Sagem. How-ever, Motorola is in the process of pulling out. of pulling out.

Bubble memories have proved barder to make than was anticipated, and their high price relative to semiconductor memories has meant their potential market — at best only a niche — has been smaller than predicted.

Despite this, Sagem claims that by using ion implantation, much greater storage capacities will be achieved, making bubble memories more attractive than in the past.

"The cost-per-bit will be lower, and we feel that for the market to grow, bubble memories must have a major packing density advantage over other memories, which is why the 16 and 64 megabit devices are so important," says Guy



Spriet, of Sagem's new peri-pherais and services depart-

ment.
"The growing demand for portable devices in areas such

as computers, telecommunica-tions and instrumentation will

also sult bubble memories," be

This is because bubble memories have two major ad-

vantages over conventional silicon memories. They are non volatile—they retain the in-

formation stored in them even when the power is switched off

—and are more rugged.

Their ability to withstand vibrations and wide temperature variations makes them ex-

tremely reliable in barsh environments such as robots on the fectory floor. Hitachi, for instance, bas shown that in 1bn operating bours, there will be an average of only 15 bubble

memory failures.

Bubble memories are so named because they store information in the form of they cylinders on a magnetic base. The presence or absence of a cylioder, or bubble, represents the 1 or 0 of the digital code used in all computer memories. A bubble can be created and erased electrically, but because it is magnetic it is unaffected. it is magnetic it is unaffected when the power is switched off.
The ion implantation tech-

been developed in conjunction with LETI, the Laboratoire d'Electronique et de Technologie de l'Informatique, part of France's atomic energy commission, based in Grenoble. the technology a new lease of

Sagem

MBS 2011

bubble memory

Like most mountains,

a mountain of figures can obscure

your horizons.

As in silicon chip maoufac-ture, the base on which the hubble memory is created is hombarded by a stream of ions (charged atoms). This changes the pattern of the circuit elements and the orientation of the magnetic field.

The result is a four-fold in-

crease is the density with which bubbles ten be packed on to live chip, expared with conven-ticual production. This terms

The cost per bit of bubble memories is bigher than that of silicon memories — about 5p per 1000 bits of bubble memory, compared with about 0.5p for the same amount in silicon. But the high density bubble memory will advece the bit over will reduce costs per bit over the next few years, because, although the oumber of bits will increase, the size of the

not to the same extent.

Sagem's one and four megabit
memories use a combination of
conventional processing and ion
implantation, although four
megabit devices have been promegabit devices have been produced without the latter technique, by Hitachi, for instance.

Even if the bubble memory market does revive as Sagem predicts, it may be that the number of different designs produced will continue to dwiodle. Sagem Itself is now talking to Hitachi ebout jointly developing a 16 megabit device, followed by a 64 megabit version: And Hitachi and Fujitsu are also discussing

Fujitsu are elso discussing possible co-operation.
However, if this leads to standardisation throughout the industry it will make bubble memories even more altractive, according to Plessey, which bas been a successful user, even though it decided not to manufacture bubble memories itselt.

Tom Hall, defence and custom product manager for Plessey in Toweester, says it is probably too late for standardisallon to bappen with four megabit products.

But for the bubble memory

to succeed, we need a stan-dardised 16 megabit device. At the moment every manufac-turer makes different devices. which are not plug compatible. That is a beadache because it means there are no second

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Hands-off production on display in Germany

COMPUTER INTEGRATED COMPUTER INTEGRATED manufacturing, in which high precision turned parts will be produced from raw bar stock without manual intervention will be demonstrated at the METAV exhibition in METAV exhibition Dusseldorf in June.

A TNA 480 twn axis turning/milling centre from hand machine tool German-based machine company Tranb (01-997 in the UK) will be at the heart of the production cell. The new system will select bar stock from magazine racks, saw it, sort and machine the sawn billets and dispatch finished parts nn a conveyor. Production scheduling is under the control of a Prime computer and control at shop floor level is by means of a Traub TX8D

Shell adds spark to battle at the pumps

BY DOMINIC LAWSON

"FROM today not all petrol is the same." This is the punchline of a £5m UK advertising compound was apparently campaign unveiled yesterday by Shell, and timed to coincide back as tha 1950s. But it is the same." This is the punch-line of a £5m UK advertising campaign unveiled yesterday by Shell, and timed to coincide with the launch of Formula sive in a long line of attempts by one oil company or another to prove it has a petrol unlike any of its competitors.

does not represent a reinventwo, three or four-star petrol into which has been injected a new additive. This, Shell claims, will give motorists "a smoother, more responsiva drive, more miles per galloo and better allround performance from their

In the jarged of the industry, what Shell is looking for is named was extensive testing try, what Shell is looking for is not the product on the roads. Position. It is the oil com-pany's equivalent of alchemist's demonstrably better than the

opposition's.
The key to Shell's USP is something called a "spark-sider," which helps give the engine a more consistent ignition, improving combustion of the petrol, thus making the car more responsive and driving smoother.

smoother.

Quality of acceleration, idling and starting, and the tima taken to warm np are among the keys to comfortable and efficient motoring. This is in turn linked inextricably to the combustion chamber. The development of the flame within the chamber varies with every cycle of the engine. The larger the variation the worse the engine perforthe worse the engine perfor-

The achievement of consistent combustion is linked



to the instant after the spark plug has fired. The fiame kernel-created by the sparking of the created by the sparking of the plug must very rapidly feach a cartain size. Otherwise the sir/fuel mixture will burn inefficiently and even discommonly known as a missire. Research at six Sbell laboratories worldwide has developed a chemical which gives a kick to the gasoline flame, making it stronger, more likely to be self-sustaining and bence more consistent. The additive is a

made far less effective by lead, Shell, the latest and most expen- and thus has only come into its ive in a long line of attempts of the provided in the long line of attempts of the provided in the long line of attempts of the provided in the long line of attempts of the provided in the long line of attempts of the long line of the



of the product on the roads.
These road tests covered 6.5m kilometres, equivalent to driv-ing more than 165 times around

The tests have been approved by the RAC, the British motor-ing organisation, and the new product bas been endorsed by Lotus, the sports car manufac-turer. Shell is expecting endorsements from other motor

endorsements from other motor manufacturers.
The company also claims that, apart from better "drive-ability," the petrol with the additive is more fuel efficient.
The used car trial data indicates that after a full 12 months motoring the fuel data. economy benefit will be about

economy benefit will be about 3 per cent " says Shell.

The other oil majors, however, do not seem very terrified of Shell's new petrol, although all conceded they will bave to introduce similar " premium blends" to prevant Shell from gaining an undue competitiva advantage. advantage. Says Esso, Shell's main rival,

"the bottom line is the left and right feet of the driver. and right feet of the driver. That is what determines smooth driving and fuel efficiency."

Although Shell says it has a prient out on the additive, this is derided by another of the US oil majors: "Shell may have a patent on tha Formula Shell brand, but not on the chemicals it uses. It would be like having exchange rights to gasoline. There is no alchemy involved, and we do not think that Shell will get enough out of it to justify a som advertising spend."

Shell may have found an answer to engine "knocking" but there will never be a panacea against the knocking copy of the competition.

Unless, of course, you're perched family on top of it. But, as with all mountains, making it to the top can only be accomplished by taking one thing. The first step.

Con Aprile Machine

Presenting Apple's newest computer, 'Macintosh' Plus.

With Macintosh Plus's one megalryte of memory, 128K ROM, 800K double-sided disk drive and crisp, clear graphics, you have one of the performance tools in place to make a molehill out of any mountain of

And, as you reach for new heights, you'll also need a tool that can make the chimb a quick and easy one.

Presenting Microsoft ExcelTM If the word "power" could be redefined as any other five-letter word, that word would be Excel Because Excel is, simply, the largest spreadsheet available for any personal computer.

16,384 rows by 256 columns. 4,194,304 individual cells. But to only the ultimate power user is

this feature, by itself, significant. What separates Excel is the elegant way that power is put at your disposal. Because it was created with the

Macintosh in mind. Like Macintosh Plus, Excel makes optimum use of one of your most powerful tools. Your intuition. Because it uses the same familiar point-and-click, cut-andpaste technology that has made Macintosh the easiest-to-learn personal computer

Excel lets you work using plain-andsimple written commands. For example, the somewhat cryptic A20 - B10 - C10 becomes the significantly more understandable Profits - Sales - Costs.

Moving around your spreadsheet is just as easy. Want to go to a specific cell? Simply move the mouse to that cell and click. You're now ready for new entries. Microsoft Excel also allows you to

view and compare different spreadsheets in multiple on-screen windows. And you can have as many windows open as you want. You can also break down large, unwieldy problems into small, manageable components through an Excel feature called linking.

Say you've created a series of income stream spreadsheets for different divisions in your company. With a couple of simple point-and-click, you can link them all to a consolidated master income report. From then on, any updates in the division reports will be reflected in the master report. Automatically.

Excel also gives you the ability to transfer documents to and from Lotus 1-2-3. So you can use all of the features that make Excel compatible with you without sacrificing compatibility with others in your office.

It has 85 built-in business functions mathematical, financial, statistical, trigonometric and logical. If that's not enough, you can customize special functions of YOUR OWN. Microsoft Excel also allows you to

create what are perhaps the single most important time saving operations unique to personal computing. They're called macros. Macros automate the long, arduous key

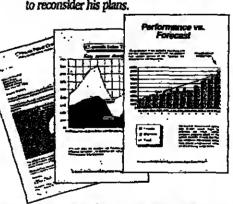
sequences that characterize the complexity of today's "what if?" business modeling With macros, literally hundreds of in-

structions can be squeezed into a single keystroke. Then played back over and over again on different business scenarios. But if Excel were just a spreadsheet, it

might not be enough to cut your mountain of numbers down to size. It's also a comprehensive graphics program-one that automatically updates

your charts and graphs as you update

your spreadsheets. With over 42 different styles of pie charts, bar graphs, column, area, scatter and line charts. So you can create a picture that's worth more than a thousand words. And it's an extremely capable database. With the ability to simply and quickly organize, file and sort through mountains of information that would have even given Mohammed cause to reconsider his plans.



With Macintosh Plus, Laser Writer, and most any sofu:are your output can look as sharp as this.

So visit your local authorized Apple dealer soon and find out how Macintosh Plus and Microsoft Excel can give you a new point of view about number crunching. Because, as with all mountains, you

can be at the bottom looking up, or the top looking down. It's just a matter of perspective.



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Canada widens orbit of mobile communications BY BERNARD SIMON IN TORONTO

TELESAT CANADA, the Canadian satellite agency, is to co-operate with telephone companies and privately owned radio common carriers to develop the world's first satellite based mobile com-

munications system. The mobile satellite net-work (MSAT) due to be launched in 1991 will provide portable two-way radio, tele-phone and data services throughout Canada. The use of a powerful satellita will eliminate the need for the large dish antennae normally associated with satellite comassociated with satellite com-munications. The networks' voice and data terminals will probably be no more than 24 inches in diameter so they can be mounted on cars, boats and aeroplanes, and light enough to be carried in a

knapsack. The initial design expected to accommodate up to 60.000 users, with terminals costing from C\$4,000

C34,500 each. Users are expected to include police and other emergency services railways, and mining and oil companies. The system will also bring telephone services to many remote households. The Canadian government will provide C\$176m for the venture over the next decide. Telesat Canada, owned by the miles telephone company, will invest C3260m in the calcillic which it plans to operate as a commercial venture. Foreign and domestic ventures are accounted to reach

sales are expected to reach C22.4bn by the end of the century. The world's second largest country in terms of land mass, Canada has become a leader in satellite communications. Anik, the country's series of Anik, me country satellites, communications satellites, provides currently . extensive trunk communications and

FINANCIAL TIMES

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Tuesday May 20 1986

South Africa's risky game

Botswana and Zamhia (where Preloria's bombers hit a refugee camp and not a military objective) will justifiably outrage Commonwealth governments. In Nassau last October Commonwealth leaders agreed to suspend a decision on economic sanctions against the Republic until a seven-member eminent persons group reported back on an initiative designed to bring South Africans to the conference table. Not only will the raid on three

Not only will the raid on three Commonwealth countries emharrass Mrs Thalcher, the British Prime Minister, who argued strongly in Nassau against sanctions and in favour of dialogue. It makes very uncomfortable the position of those two lcaders at Nassau— Kenneth Kaunda of Zambia and Robert Mugabe of Zimbabwewho despite scepticism threw their support behind the pro-posat, thus averting a split in the organisation.

Yesterday's action hy Pre-toria may exhaust the patience of African leaders, dash such of African leaders, dash such hopes for reform as were raised by the recent lifting of the Republic's pass laws, and strengthen the calls for sanctions. Nevertheless, there should be pause for thought. Prospects for the success of the Commonwealth initiative have always been slim, given the complex and seemingly intractable problems to be tackled.

Cautious step

Yet the eminent persons' venture bas offered one of the few opportunities of peaceful change in South Africa by playing the role of intermediary in

Two developments produced flickers of hope in the bleak South African landscape. From Lusaka came reports that the ANC was prepared to consider a constitution which, in the fashion of the Lancaster House agreement on Rhodesia's indepeodence, guaranteed minority is still a long rights and—at least for a limited denouement, period—allowed for an entreached white parliamentary group should a

THE South African raid yester on the whole inspire confidence day on alleged African National in bills of rights. South Africa's Congress targets in Zimbabwe, strategy towards the ANC communist party members are apparently excluded from the offer—smacks of divide and rule. None the less, the Com-monwealth initiaitye is at the very teast forcing the main protagonists to think carefolly about their terms for negotia-tions. That in itself is an

Political concessions

Why then, did Mr Botha order yeslerday's raids, which could easity abort the initiative and bring closer the prospects of economic sanctions? There appears to be little justification on military grounds provided and the same property of the same property of the same provided and the sa military grounds—notwithstand-ing the arms cache diacovered in South Africa at the weekend. The ANC's guerrilla campaign has, for all its threats of intensification remained comparatively low key. The threat to white rule today comes not from AK475 but from the rebellious township youth, their embit-tered parents, the trade unions,

church and community groups.

More probably, Mr Botha aees
it as a way of reassuring his
country's increasingly restive
right wing. Every cautious step towards reform he has taken has antagonised a section of his own National Party, as well es confirmed the fears of extreme

right wing parties.
Yet Mr Botha himself has pointed out the sterility and danger of the right's esponsal of apartheid. The most charitable explanation of an otherwise astonishing rehulf to the Commonwealth is that a to the Commonwealth is that as Mr lan Smith demonstrated. major political concessions can sometimes he preceded by military actions. Rhodesian forces were raiding targets in Zamhia, which provided bases for guerrillas, at the very time their political leaders were sitting at the Lancaster House negotiating table, reluctantly negotiating the inevitable demise of white rule.

The South African problem

is still a long way from this denouement. But, bowever angry, the Commonwealth group should allow the dust to settle, and continue its exertrenched white parliamentary hiock. From Pretoria, came a suggestion once unthinkable; in return for renouncing violence, Mr Nelson Mandela, the leaves enough time for Mr delained ANC leader, might be freed and the ban on the organization lifted.

group shoung and continue its exercise. The group is due to report hack next month. This still both to make the political concessions that yesterday's raids, however deplorable, raids. Doubts and objections come might just conceivably presage thick and fast. Africa's consii-tutional track record does not if sanctions are to be averted.

A market for the big boys

the City, and should boost to set up hank credit lines to many years. It is rare that London gets the opportunity to embark on anything as wholly new as this, even at a time when Big Bang is breaking tresh ground, so the UK authorities should be congratulated for the minimum denomination of the minimum denomination of the minimum denomination of overcoming their earlier resis-tance to the idea. This was it should be a market for pro-based mainly on the Bank of fessionals capable of making England's concerns about post their own decisions and there-

commercial paper is an instru-ment which through its novelty and its nature will require pru-Credit lines dence on the part of those who make use of the market. It could also have an effect on the could also have an effect on the structure of UK banking which is, as yet, unquantifiable. In these opening stages it is important that potential borrowers and lenders—and, for that matter, commentators—sbould not be swept up in the euphoria which is being generated by investment bankers keen to make their names by arranging the first deals.

Professional market

The virtue of commercial paper is its simplicity. The market will enable corporate entities to trade their cash surpluses and deficits directly among each other in the form of short term, unsecured paper. By bypassing the hanking system, the market should provide a cheaper and more flexible financing alternative to bank loans, and even to accep-tances which have to he linked to specific underlying trans-

assuming a higher degree of pay off issues which they can-risk than in most other forms not re-anance. risk than in most other forms of investment. The Bank of of investment. The Bank of Properly handled, the bene-fits of commercial paper would to potential borrowers who are for the big boys.

THE LAUNCH of the UK commercial paper market this week marks a welcome addition to the array of services available in be possible for paper issuers be possible for paper issuers to set up hank credit lines to redeem their paper in the event that they cannot roll it

sible weakening of monetary fore setting the standards for control.

But despite the enthuslasm with which it has been greeted, borrowers will need credit rat-

One of the investors' concerns will be the extent to which a secondary market in commercial paper evolves where they can resell their paper if the need arises. In the US, the secondary arises. In the US, the secondary market is very small, mainly because most paper has a maturity of less than a month. In the UK, where attitudes have been shaped by the highly liquid acceptance market, secondary trading may he more widespread, particularly if institutions like the discount houses find it worth their while to deal find it worth their while to deal. But until this market gets estab-lished any investment banks ahould be cautious about trying to impress its issuing clients by huying large amounts of their paper in order to get deals off the ground. It could be stuck with the paper, and the Bank will not be underpinning the market by discounting commercial agency. clal paper in the way that it does bankers' acceptances.

The banks, who are bound to lose husiness to the new marto specific underlying transactions — though quite where
commercial paper will fit into
the interest rate spectrum will
only emerge over time.

The key point is that commercial paper is unsecured, end
that the investor is therefore

Tose husiness to the new market, will try to profit from it by
arranging back-up credit lines
for a fee. But they too will
have to be wary of becoming
unwitting underwriters of commercial paper should clients
that the investor is therefore

use their overdraft facilities to

responsible for making the greatly outweigh any of these arrangements, has laid down risks. But, as the US exrules which restrict access to perience has abown, it is a mar-the market to UK listed com- ket which will do best with the panies with a net worth of at minimum of outside regulation: least £50m — in other words in every sense it is a market

THE COMMON AGRICULTURAL POLICY

A COSTLY POLICY .

When something has to give

By Quentin Peel in Brussels

. . . AND ITS FOOD MOUNTAINS

EEC BUDGET.

With a fresh impasse looming over the EEC farm budget,

a way forward has emerged. But some fear the new moves could destroy the Common Market ideal

THE FIRST shots in the long-threatened farm trade war between the US and the European Community have had a predictably beller ring.

The ammunition is clearly still hlank in the salvos of ineffective "non-discriminatory quotas" fired between Washlagton and Brussels last week in their dispute over sales of correls and silvers in Partium. cereals and oil-seed in Portugal. Yet the excess of supply over demand on world food markets means no let-up in the prospect of actual blood-letting in a war of subsides between the two major agricultural exporters.

In Brussels there is a grow-ing fear that the threat of an international trade war which no one can afford will precipitate a similar battle within the EEC, with a subsidies war between member states leading to disintegration of the Common Agricultural Policy (CAP).

The dreaded phrase "renationalisation of the CAP" is now being increasingly heard in the corridors of the Berley-mont building, headquarters of the European Commission It could mean unravelling the whole system of common prices. levies, rules and regulations in the management of the Community's farm sector-the single largest component in the EEC hudget, and the policy which many believe is the only one which is truly Community-wide. No one doubts that the CAP is under pressure. On one hand,

it is limited by the refusal of member states to increase their contributions in the immediate future, having only just done so in January. The new limit of a 1.4 per cent VAT "celling" is already insufficient to meet all demands on the budget. On the other hand, the member states have record levels of farm produce in store

which they cannot sell in world markets without huge subsidies which they can no looger afford. Something has to give.

Thus "re-nationalisation," the idea being floated in Parls, Bonn and London to allow the 12 more flexibility in operating their farm policies, in exchange for sbifting more of the cost burden away from the Brussels

smaller members, particularly the increasingly influential Mediterranean alliance of Italy, Spain, Greece and Portugal."

northern partners to protect their own pockets just at the moment the CAP might provide more help for southern regions. Hitherto EEC subaldies have mostly helped northern pro-ducts like cereals, beef and the

The re-nationalisation suggestion was very much in the air during the latest farm price fixing which finished in a marathon five-day session in Luxembourg last month. In the end, however, some semblance of solidarity prevailed. Mr Ignaz Kiechle, the West German Farm Minister, and Mr Francois Guittaume, his vociferous French counterpart, were persuaded to settle for a package which included only a modest element of re-nationalisation.

The higgest argument in favour of re-nationalisation of the CAP is the budget argucannot agree on pumping more budget in the immediele future, but ibey will agree on allowing hits and pleces to be financed hack home instead, especially if that helps to deal with the aggressive farm lobby.

For countries like Britain and Germany, which are net con-tributors to the EEC hudget, renationalisation will have little effect while it would bring bome the true cost of agricultural subsidies to the hig net recipi-ents, like Denmark, the Benelux countries, and Ireland which would have to pay more.

A secondary argument is that the CAP has proved hopelessly invieldy in practice, by seeking a mpose a common agriculated system across widely infering social structures, crops and climates. A degree of reationalisation is seen as restoring flexibility to cope with the CAP has proved hopelessly unwieldy in practice, by seeking to impose a common agricul-tural system across widely differing social structures, crops and climates. A degree of re-nationalisation is seen as restoring flexibility to cope with varying circumstances.

On the other hand, opponents of re-nationalisation say it would undermine the whole principle of a common market in food: by allowing differing budget. The governments would then be free to subsidise their farmers to the extent that their national budgets and political five possibilities. In 1986, the figures can probably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged, thanks to not necessary to the single market will be ably he fudged. The common price support and export subsidies. The common price support and export subsidies. The assumption of the fudged with the US in the meantime. In 1986, the figures can probably the not necessary to the subsidies with the US in the meantime. In 1986, the figures can probably the not necessary to the subsidies with the US in the meantime. In 1986, the figures can probably the not necessary to the subsidies with the US in the meantime. In 1986, the figures can probably the not necessary to the necess

wbole issue will be brought to a head by the crisis looming over the 1987 budget— compounded by any trade war that may or may not break out with the US in the meantime. In 1986, the figures can prob-

Mr Henning Christophersen, the Budget Commissioner, has

managed to whittle the Ecu 1.5bn over-run down to less than Ecu 1bn in his request for a supplementary budget, by postponing Ecu 480m in spend-

factors would allow.

efficient farming inhibited.

and some creative accounting.

On farm spending is set at structural reforms does not add CAP.

But this idea is fiercely

They also say the move would

The over-run in 1986 comes the EEC finance ministers and parison with price support — for a straight north-south resisted in Brussels and most run counter to the priociples to almost Ecu 1.5hn (1960m), the Commission. If the celling Ecu 835m proposed this year, divide.

regional spending, and promotion of high tech research.

Mr Christophersen was brutally clear about the consequences of the farm spending celling. "If the celling is to be respected in 1987, certain decision have to be taken. There will be an over-run in 1987 of between Ecu 1.2bn and Ecu-2.5bn, depending on the value

"If the ceiling is seen as a serious target, the European Parliament and the Council of Ministers will have to look at the possibilities either of reducthe possibilities either of reduc-ing certain expenditures, or of increasing member states' fin-ancing of certain parts of the CAP."

Even the estimate of Ecu 2.5bn over-run—the cost of the present dollar/Ecu rate lasting until the end of 1987—is prob-ably a severe underestimate in the real world, analysis say. That is because the excess farm stocks which have to be sold ere grossly overvalued on the

Agra Europe, the specialist agricultural newsletter, estimates that the overvaluation of stocks in 1985 was of the order of Ecu 5.65bn an amount that will have to be met from the EEC budget when those ageing stocks. stocks are eventually sold at rock-bottom prices.

Three ways exist for cutting back EEC farm spending in order to meet a budget over-run of this size cutting prices, stopping exports, or re-nationalising significant parts of the CAP.

The first option has hitherto always proved impossible politically. This year's price freeze, cushioned by the effect of currency adjustments for all member states except West Germany and the Netherlands, is the trushort formal provided in the state of the toughest farm ministers have ever managed to agree.

The second option, simply suspending exports, may well have the problem for future years.

In this light re-nationalisation . begins to look like the only pos-sible option.

One obvious area for national rather than Community subsidies is the so-called structural policies: the support for hill farms, training schemes for young farmers, grants to persuade farmers to move out of surplus crops into those in sbort supply, subsidies for environmental improvements, and

That is what Mr Guillaume

Advertisement

is breached, the money will against the price support hud-have to come from other get of almost Ecu 22bs. policies like social and This kind of structural

This kind of structural spending is also likely to play an important role in any longer-term reform of the CAP cten-ded to bring down the surplus levels.

One area where re-nationalisation bas already begun is on storage costs. The latest farm storage costs. The latest farm price package reduced to 75 per cent the proportion of storage costs which member states can reciaim from Brussels. That move, plus a reduction in the interest rate payable on outstanding storage charges, effectively transferred Ecu 300m from the EEC to national budgets.

national budgets.

If the entire storage costs were transfered to individual governments, it would not necessarily be equitable. West Germany, for example, stores a larger share of EEC food because its stores are known to be more prompt in making payments than those in Italy or France, for example. Again, the net recipients of CAP funds would be penalised.

Perhaps the most radical stig-

Perhaps the most radical stig-gestion is that financing of the CAP should simply be trans-ferred to member states, while policy-making remains commun. Everybody would simply finance the cost of common policies in

the cost of common policies in their own country.

That would seem unrealistic to hope for. The majority of member states who will lose out financially are hardly going to pay higher contributions to the Community without any greater control over the policies.

If re-nationalisation were allowed to go so far that governments paid their own export restitution, the temptation to compete for subsidised sales would almost certainly prove too great to resist. Only hy keeping such decisions and financing firmly under Brussels's control is it avoided.

The fear of Commission officials is that the familiar slowness, if not outright paralysis, of Community decisions making will prevent the

decision-making will prevent the farm ministers taking decisions to be contemplated when the decision-making will prevent the budget runs out, but it is an farm ministers taking decisions absurd notion. It simply means on cost-cutting reforms in time, that the food mountains will "You would have renationalgrow even larger, compounding isation in a totally incoherent and random way, simply as a result of nobody taking any

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decisions on Community finance, says one senior official. If such an ontcome is to be avoided, the farm ministers will have to face many more agonising austerity measures, dispared payments and the like delayed payments, and the like, if they are to come anywhere near the budget discipline being demanded of them.

The only other alternative would appear to be cuts in other politically sensitive parts of the EEC budget, like the social and regional funds; just the areas which the Mediterranean states

Portland Place to go commercial

One of the reasons for the abrupt departure of Richard Francis, managing director of BBC Radio (a man unusually popular with his staff hy corporation standards) was his passionate commitment to keeping BBC Radio based in central London.

London.
Since Broadcasting House, Portland Place, a listed building, was considered neither big
enough for future needs, nor
open to the sort of modification
needed to provide modern
studios and facilities, the plan
was to demolish the former was to demolish the former Langham Hotel across the road and hulld a brand new radio

hq there.

Millions of pounds were
spent on feasibility studies, and plans from the architect. Norman Foster.

Then BBC chairman Stuart Young and his board, decided to buy the old greyhound stadium site at White City instead, and move the entire radio operation to that somewhat desolate corner of west Francis continued to cam-paign for the central London



"'Course if you live in a marginal constitueeny, I can't guarantee they'll stay blue."

Men and Matters

location, arguing that MPs, thusinessmen, and VIPs, who rule about who should take over would readily pop round to Portland Place for the World other assorted ministers will at One, or similar programmes, would be much less likely to traipse out to White City.

The governors were unmoved. Now Francis is to go, and the White City plan

survives.
There are, however, two ironic postscripts.

ITN, which is desperate to expand from its huilding in London's Wells Street but has group of houses, has been alerted to the possibilities of Portland Place as a future home for the Independent news net-work. ITN editor David Nicbolas has been seen exploring the

Langham.

And if the Peacock committee does recommend the hiving off of Radio One, Radio Two, and BBC local radio, as has been suggested, then BBC Radio won't need more space

Loss leaders With the Prime Minister off to

Israel on Saturday for four days, Lord Whitelaw, Leader of the Honse of Lords and Mrs Thatcher's deputy, would normally remain at home to mind the shop.

This time, however, the PM's loyal right-hand man will be in Moscow as a member of a delegation which witt then be sweeping through Leningrad before heading for Georgia.

But the problem has been sweeping through Leningrad before heading for Georgia.

But the problem bas been given some consideration, says an assuring spokesman at 10 Downing Street, which has to sort out who runs the country managerial class, the experimence of a Quehecois managerial class, the experimence of a problem of the emergence of a Quehecois managerial class, the experimence of the experimence of a quehecois managerial class, the experimence of a quehecois managerial class, the experimence of the experimence of a quehecois managerial class, the experimence of the experimence while the chief executive is absent. The job, it appears, will fall to Sir Geoffrey Howe, the Foreign Secretary, who has no overseas sorties planned for that period, and Nigel Lawson, Chancellor of the Exchequer.

—and the PM's office says that other assorted ministers will belp Howe and Lawson to take the strain.
But one name on the list for

executive responsibilities is that of John Biffen, Leader of the House, who, I suppose, just might be tempted into some sort of balancing act while the

The Thatcher Government's ex-pertise in privatising state-owned companies is still in demand abroad, Pierre Fortier, a minister in the government of Quebec, yesterday called on John Moore, Financial Secretary to the Treasury, to pick up a few tips. Today, Fortier will be in Paris discussing the same topic with the new French government which also wants to sell off some state-owned anterprise. Fortier'a first venture into privatisation in Quebec will be put on offer a minority atake in a holding company, chief attraction of which is a half share in the Doyon gold mine. A flotation is planned within a month, with one third of the offering to be made to investors

in Europe.
Privatisatton is the and of a chapter in the history of Quehec where a clutch of crown corporations was founded in the 1950s and 1960s to further economic development and to give French Canadians experi-

ment was a success. Financially, it was not. Leaving aside the special case of Hydro Quebec, the electricity concern, tha crown corporations bave together run np losses of almost C\$920m (£430m), That is going

to make demands on Fortier's salesmanship.

Guard inspection As North America tightens np its security in the aftermath of

the Libyan bomhing raid some surprising circumstances are coming to light. At the Pearson international airport, Toronto, more than half

the security guards have had to be set new examinations after failing a written test to see whether they met international standards.

The guards are employed by

security agencies under con-tract to the airlines. After the Tripoli raid the department of transport began testing 1,500 guarda throughout Canada as part of a government security check. At the Pearson airport more than half of the 223 guarda failed a written test and, so far, 26 have failed retesting.

The local union leader Steve Vody, said the guarda had not been given proper training in the first place.

But the guards are challenging the validity of the tests.

One guard said he was asked which of three articles would which of three articles would startle passengers—a plastic by gun, a water gun, or replica gun. He replied that all of them would alarm passengers. But, be claimed, the examiners wanted only one answer.

Vody hlames the testing, "We have people who can't write or read English, but they passed,"

he says.

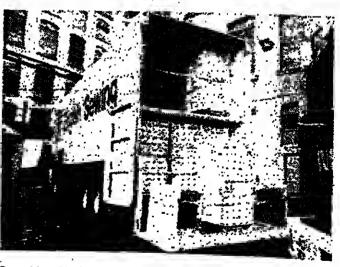
A six-member task force of government, industry, and labour representatives, has been established to revise training programmea for the airport guards. It la expected to report to the Canadian transport minister hefore the end of this

On strike

I hear from the US company Franklin which is producing an 80,000 word electronic dictionary that the word with the word with the biggest number of meanings is "strike." The compilera have assembled 36 different definitions.

Observer

New British invention will save industry millions



On a visit to Northern tretand Mr. Grant Clark, Industrial Engineering Manager of English Sewing saw the Wilson Double-Deck Trailer for the first time and realised that this new trailer could carry 7/1" more of his 6 high roll pallets than a conventional With two Wilson Double-Deck

Trailers he was able to dispense with nur trailers and Iwn tractors with dramatic savings in his transport Anniher enthusiastic nwner of Double-Deck, Mr. Brian Russell.

Managing Director of Aids Pallets recovered the almost £41,1881 cust of Iwo trailers in 18 weeks of operation.
The Wilson Duuble-Deck, is the unity trailer in the world using standaid ill ion axics, and offering full standing headroom on each floor

without increasing the height of the To achieve the same headroom on each floor, conventional step frame trailers would be nearly 187 higher, making them unstable and unsuitable for read bridges and load-

ing dock cano The Double-Deck will cut trans-

port costs by up to 40% in hundreds of different commodities now transported by normal trailers, where floor space and volume are the limiting factors, rather than weight.

The Wilson system, which is patented or pending worklwide, created great interest at the Hannover

frealed great interest at the Francisco-lodustrial Fair, with many requests for distribution rights in Germany and other European countries. They are being built in an 800,000 sq. ft. factory in Craigavon, Northern tre-The Wilson Double-Deck witt be licensed in North America and Analysis estimate that in this 3 miltion trailer park there are potential annual sales of \$1 Billion, Examples

Conference Centre on 22nd and 23rd May, 1986. For FREE TRIAL for evaluation purposes contact:-

of the Double-Deck are on show at

the LR.T.E. Exhibition at the Solibull

Wilson Double-Deck Trailers Ltd., 10 Perivale Industrial Park, Horsenden Lane Sooth, Perivale, Middlesex. Tel: 01 991 2291. Telex: 933164

مكة من الأصل

Letters to the Editor

Time for realism in European agriculture

Sir, Your leader of May 12, that the Community's aggrestate to the interest of consumers. The forms.

"New realism in agriculture," sive export refund and restrictions (protectionism) of the illustration of the illustration of policies largely this initially ancillary objective phasis in the way the CAP's has become the principal political goal of the CAP. was right on target. The symptive import levy policies largely toms (protectionism) of the ill-result from the continued imness (surplus production) have been more than apparent in the increasingly bitter disputes between the European Community and the US over such products as citrus fruits, wine and the Egyptian grain market. From May 19, as a result of the alterations in trading patterns following Spain and Portugal's accession to the Community, accession to me community, President Reagan has imposed retaliatory quotas on Community exports, including white wine, candy and beer.

Japan's missing world role

From Mr R. Wilkinson Sir.—Mr Martin on April 28
"(Japan's missing world role)
argues that Japan's international political difficulties
arising from its chronic excess savings could be at least tempered by a more active non-financial participation in the international community. Almost certainly — but its cur-rent low profile reflects, beyond the well-known lang-uage difficulties, the cultural gulfs that seem mainly re-sponsible for the surplus savings in the first place.

HERN RAINER CARRELLE

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ic shift

While the Japanese economy has enjoyed a legendary "success" over the past 40 years, actual residence in Japan results in scepticism as to the enviability of either the means (working hours over 30 per cent over the industrialised countries average, almost universal sex discrimination) or the domestic ends (housing, recreational and travel-to-work conditions for the average urban commuter almost defying comparison with Europe and North America). Mr Martin is probably correct in implying that Japanese expec-Martin is probably correct in implying that Japanese expectations regarding quality of life are distinctly low, but until these are raised (and the Maekawa report was a small step in the right direction) it is doubtful whether it will gain acceptability. In current circumstances a few more Japanese faces in the international institutions are not likely to achieve a great deal. There are limits after all to 1.36-12-403 Knodo. There are limits, after all, to 1-36-12-403 Kyodo, the consumer durables that Setagoya-ku, Tokyo 156,

Shell shareholders' meeting

From the Company Secretary

"Shell" Transport and that disinvestment would be a counter-productive gesture. The dehate is, of course, not about apartheld demonstrators forced the suspension of "the Shell amount general meeting vesters day." (May 16) has, to our certain knowledge, given achieved the agreement of our readers the impression that it occurred at the "Shell" Transport and that disinvestment would be a counter-productive gesture. The dehate is, of course, not about about how head to confide the suspension of "the Shell amount general meeting vesters day." (May 16) has, to our certain knowledge, given achieved the agreement of our readers the impression that it occurred at the "Shell" Transport and that disinvestment would be a counter-productive gesture. The dehate is, of course, not about about how head to confident to the TUCs consultation on low paid and the economy as a whole. They suggest that the tax and benefit system is the best way to belp the low paid and the confident to the TUCs of a national minimal particular. The suggest that the tax and benefit system is the best way to belp the low paid and the confident to the TUCs of an national minimal particular. The suggest that the tax and benefit system is the best way to belp the low paid and the confident to the TUCs of an national minimal particular. occurred at the "Shell" Transport and Trading AGM in
London. In fact a short suspension occurred at the
shareholders meeting of Royal
Dutch Petroleum Company in

critics, it is fair to say tool
those who have advanced a
view which is contrary to that
of the Board have done so
with complete propriety and
decorum and have been heard
with the serious attention they

Although for several successive years questions have-been or our shareholders to think raised at the ST&T AGM in otherwise. In fact, we enjoyed London about continued invest- one of our more varied and ment in South Africa, we have constructive andeavoured to explain in reply meetings.

why we helieve that the continued operation of Shell South Shell Centre,

Africa is a beneficial contri
London SE1.

plementation of policy objectives framed at the time of post-war food shortages. Those objectives, laid down nearly 30 years ago in Article 39 of the EEC Treaty, are directly responsible for today's surplus production. Even then, the wording of Article 39 emphasised that a fair standard of living for the agricultural comliving for the agricultural com-munity in Europe must be attained through Increasing agricultural productivity by promoting technical progress, will fit into a floor space of 36 square metres (the everage for rented accommodation in Tokyo).

Raising expectations will take

time, and presumably longer if dme, and presumably longer if Japan does not realise the point of overseas complaints: why it is, for example, that the vast bulk of Japan's high-tech consumer goods can be bought considerably cheaper outside Japan (despite higher sales taxes), while imported articles carry prices way above Japanese items and a multiple carry prices way above Japanese items and a multiple of two, three or four times their country-of-origin price. A simple recycling of financial surpluses may ease the inter-national economic pain, but not remove the political aspect, given that this would simply add Japanese ownership of overseas assets to visible product dominance in overseas markets.

Unless the flow of Japanese capital overseas visibly reflects a greater economic maturity, characterised by a much higher standard of living than at present; a more comparable work culture and a transparently

merit. We would not like readers shareholders'

Spirited defence of pure beer

From Mr D. Maccagno

Sir.—Herr Martin Seidel (May 14) is to be congratulated for his spirited defence of pure beer; if only other brewing countries would follow suit we would avoid not only the tragic consequences of food adulteration but develop generations of healthier people!

I take issue with your parties, and none.

We afficionados of the hop-and-it share a common spiritual experience with our particular hrew with that joy and relish we have come to recognise in the patrons of claret. Your correspondent will do well to recall in future adulteration but develop generations of healthier people!

I take issue with your Lixembourg correspondent's reference to the "beer-swilling German consumer." It suggests that drinking heer is an untitle drinking heer is an untitle worthy human activity. He to the companions of the hop treads on very dangerous worldwide!

ground! Beer is consumed by Deunis Maccagno.

poet pessant and king—not to il St James's Road, mention—politicians—of—all Rampton-Hill, Middx.

It is perhaps sad to reflect and having regard to the in- resistance to the necessary re

As your leader indicates, social considerations must be recognised and treated as such, while the agricultural industry should be exposed to the disciplines of the market place. while the agricultural industry should be exposed to the disci-plines of the market place. In the light of the case law The Community, its trading

of the European Court of Justice, which has consistently the world economy will ell given priority to the producers' benefit. interests over the competing Mark Clough.
interests of consumers, only 118-127, Avenue de Cortenbergh, tough legislation will be able 8tc 6.
to overcome the farm lobby's 1040 Brussels.

The effects of a pay rise

From Mr C. Beottie QC Sir,—UK pay rises are exceeding the rate of inflation. The reason is that both employers and employees look at the amount of take-home pay which the rise will give to the employee.

The average employee will suffer on his pay rise income tax at the basic rate of 29 per cent and national insurance contributions (which are a tax like any other) at 9 per cent. The employee will thus suffer tax at 38 per cent on his pay rise. To make the take-home value of his pay rise cover inflation at 4.96 per cent he must have a pay rise of 8 per If the employer gives a pay

rise, he will in addition have to 24 Old Buildings, pay over to the state the Lincoln's Inn. WC2.

Poor Parliamentary drafting

From Mr P. Horsman Sir,—The Government's commitment to, and action in, making by statutory instru-reforming our tax law has much ment. While this method may to commend it. Statute can be be accepted for minor adjust-

respond effectively.

draft. Its contents are regu-

overly complex and fiscally inments, it cannot be considered an appropriate method of In recent years, taxes have bringing to the statute hook been abolished, created and major tax revisions because substantially amended. This they are not subject to the has led to great pressures on normal democratic processes, the Treasury to frame good legislation quickly. It has not mitted to major tax reform. It been allocated the resource to has not yet shown the necessary commitment to underpin The annual Finance Bill bas the area of draftsmansbip. The become very much a working result is had law, and the cirdraft. Its contents are regu- cumvention of the due demo-larly shown to be at best cratic processes of Parliament.

employer's national insurance

contribution at 9 per cent (or 10.45 per cent if the employee's

pay before the rise is at least £140 a weekl on the amount of

employees or go out of business!
Yet is be to refuse an employee

a pay rise which only keeps pace with inflation?

The fault is not that of weak employers or of powerful trade unions. The fault is that of a

weak Government, which by pouring out taxpayers' money

on unworthy objects has to impose excessive tax even on

This pressure has also led to

the wages of the low-paid

Charles N. Beattie.

and is capable of remaining so whether of not an incomes policy is desired by a future government. Under this unit's preferred mechanism, for example, a NMW would be fixed by statute and linked to a proportion of average earnings. Two-thirds of the average would be the target after an initial phasing-in period of three years. In this way decisions about the phasing-in period of three years. In this way decisions about the level of the minimum wage would be depoliticised and so could not be used as part of an overall incomes policy. Indeed, it is important for the low paid that there are not since the that they are not since the experience of the 1960s and the 1970s is that the low paid are often the first to lose out under

ncomes policies. The most worrying aspect of (Research Officer), the EETPU's response to the Low Pay Unit, proposed low pay strategy is 9 Upper Berkeley Street, Wi.

electricians' union accuses the advocates of a national minimum wage (NMW) of "playing with words." It alleges that a NMW to help the low paid is, in fact, an incomes policy by another name. The accusation, though, rests on a hasic confusion that suggests that it is the EETPU itself which is playing with words instead of looking at the facts.

Tackling the crisis of low pay through a NMW policy is quite afficiency. The fact, it is low pay that is often a root cause of inefficiency. As a recent study points out, a continuation distinct from an incomes policy and is capable of remaining so whether or not an incomes industrial development in the

> The crisis of low pay is dis-figuring the lives of millions of workers and imposing a drag on the economy. For the first time a wide-ranging programme is being prepared to tackle the problem. The events of last year's TUC and Labour Party conferences suggest that others will reject the EETPU's stance and endorse a national minimum wage backed by the force of law as the centrepiece of the programme. They recognise that, in its absence, the low paid will yet again he the hig-

Dominic Byrne

A portfolio approach to managing change

Prom the Chairman, Business Graduates Association

Sir,—In "Class structures and the imagination gap" (April 24) Larry. Siedemtop continued that discussion on the rights and wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted standard wrongs of British management. There was much soluted with sale with the capter of the causes of British and sully standard wrongs into the causes of British and sully standard wrongs into the sale of the mation's talent is still too many scandals, too much incompetence and to

the even more important ability to create their own work from "administration" to and earn a living—the latter is very different. School minimal flower different. School minimal flower different. School minimal flower different is training has increased enorging the rather than the exception.

In higher education it is important to recognise that the recognise that some changes have occurred some changes have occurred parks and new enterprise proparks and new enterprise pro



PERHAPS the most intriguing aspect of the recent negotia-tions, which supposedly brought peace to schools in England and Wales via a S.7 per cent teachers' pay deal, was the absectee list.

Among those missing from the Burnham pay negotiating committee were: Mr John
Pearman, who has since
succeeded Mrs Nicky Harrison
es leader of the education
authority employers; Mr Fred
Smithies, general secretary of the National Association of Schoolmasters/Unioo of Women Teachers and joint leader of the unions on Burnham; and Mr Doug McAvoy, deputy the pay rise. This will push up the cost of employing people for above the rate of inflation and tend to make the employer reduce the number of his general secretary of the National Union of Teachers who is poised to stand in for Mr Fred Jarvis, general secretary, when he becomes TUC chairman for a year in September,

if, as many fear, there is either no return to normal working in the schools and/or resumed pay strikes later in the year, these three key personalities will have perfect alihis.

For it is by no means certain that the battered and bloodied state education system is out of the wood yet. Far from it. Whoever takes on the Education Secretary's mantle, about to be shrugged off, possibly later this week by Sir Keith Joseph, would be well advised to supplement it with a tin hat,

That is not to say that teachers have not done satisfactorily out of two pay settle-ments in quick succession, giving them today 14.7 per cent giving them today 14.7 per cent their employment contract, the more than they had at the beginning of March and increasing the average salary of a classroom teacher from about £9.200 to £10.550.

The negotiations was actually the sequence of their employment contract, the way they should be assessed for doing it, how much they should be paid, and the way pay should he determined.

The negotiations was actually their their employment contract, the way they should be assessed for doing it, how much they should be paid, and the way pay should he determined.

issue provides a ciue.

After the teachers' pay deal

A truce for the summer

It would, bowever, be quite wrong to draw the conclusion that teachers will be content to let matters rest: on the contrary, they hear daily confirmate members. 48 per cent of unionised teachers, were continuing limited disruptive sanctinuing limited disruptive sanctinuing limited disruptive sanctinuing limited. education promoted to the status of a leading political issue. What is more, 15 months of unrest in schools in England unrest in schools in England and Wales (and even longer disruption in Scotland) has left its mark. Many teachers have forsaken the "professionalism" recalled wistfully hy Sir Keith and are unwilling to go back to their old, pre-dispute, ways. Their unions have evolved into charm campaigning machines.

sharp campaigning machines. Meanwhile the whole structure of industrial relations in education has been thrown into the melting pot.

melting pot.

This pot is currently bubbling away at the St James Square, London headquarters of the Advisory Conciliation and Arbitration Service, which is gingerly hosting the long-term negotiations on what teachers should be equired to do under their employment contract, the

Firther, it must be acknowledged that one of the principal reasons for the NUT's anxiety to reach a deal was its members' reluctance to resume strikes. We shall almost certainly never know the results of pre-strike ballots held to the lambars of the Central Arbitration of the Central Arbitr authorities during the previous Council for Civil Service formight. Only the NUT's uncharacteristic silence on the dustrial relations director of Babcock and Wilcox.

nuing limited disruptive sanc-tions in schools with official backing from the union. At the Burnham peace

talks, however, the NUT accepted the S.7 per cent rise for 1986 (5.5 per cent or £520 extra a year, whichever is the greater) and was admitted to the long-term talks on three conditions: that it agreed to the ditions: that it agreed to the rise without prejudice to "any subsequent consideration" hy Burnham in the light of the talks; that it supported the talks and co-operated in every respect; and, most important, that it assured the employers of "a return to peace and calm in our schools immediately."

Oute what "peace and calm"
means is a moot point. The
NUT's national executive is advising members not in resume lunchtime supervision duty and not to cover for absent colleagues for more than one day, though some local associations look likely to continue refusing any cover. The hoycott of preparation for the General Certi-

ficate of Secondary Education, the new 16-plus examination, will also go on.

As leaders of the NAS/UWT and the Assistant Masters and Mistresses Association (AMMA) bave already discovered, many teachers have been changed by their experiences during the dispute and are in no mood to put more into their jobs than is strictly required by contract.
Pressure for success in the

long-term talks at Acas is certainly immense and has been beightened further by last week's Audit Commission's report on education, advocating widespread closure and reorganisation of schools, criticising the quality of secondary education and calling for the abolition of Burnham.

The telks are taking place virtually every weekday in four participal groups considering.

working groups considering: salary structure, levels and principles; service conditions; teacher appraisal and training; and future negotiating machinery. The present round of negotiations is due to continue until at least mid-June and the three-man Acas panel

is scheduled to report, if only on progress, in September. One progress, in September.
One problem in the talks will be finding common ground among the unions, let alone between the unions and employers.

A second area of difficulty will be service conditions where, given the truculent post-dispute mood of teachers, the employers are expected to find it hard to get duties such as covering for absent colleagues and attending parents' and staff meetings written into the employment contrect. A pending High Court judgment on the nature of such "voluntary" tasks is likely to muddy the waters

The greatest problem, however, is certain to he the amount of money the Government is prepared to put up to finance any agreement emerg-ing from the talks: the maxi-mum £450m a year offered so far on a salary bill of £4.6hn is, hy common consent among unions and employers, bopelessly inadequate.

With such uncertain prospects for the talks, all sides are playing a very guarded game.
Although the 5.7 per cent pay
award is seen by the unions as
"interim," or on account, the employers have conspicuously not used such a description. Come the autumn, this looks like a recipe for further

David Brindle



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FINANCIALTIMES

Tuesday May 20 1986



CHERNOBYL PROMPTS QUESTIONS OVER NUCLEAR INDUSTRY'S INFORMATION POLICY

Clouds of doubt cast over Paris

THE BELT of radioactivity that passed over Europe in the wake of left a cloud of half-formed question marks over France's atomic-power policies, writes David Marsh in Pa-

The doubts have nothing to do with the technology used by Electri-cité de France (EdF), the stateowned utility that runs the world's most concentrated nuclear-power programme, which generates 65 per cent of the country's electricity up to now and has been the most con-

spicuously successful. The blot on the borizon comes rather from nagging suspicions that too much responsibility on informing the public about France's nuclear programme is concentrated in

Controversy has been raised by disclosures that France was not, as had previously been thought, untouched by the higher radioactivity levels that prompted precautionary action in West Germany in the aftermath of Chernobyl disaster.

The French Radiation Protection Service (SCPRI) said that on May 1 and 2 parts of France received doses of 400 times normal background radioactivity - although the amounts were still said to be well below levels likely to cause danger

The Government has implicitly admitted that SCPRI, a body under the wing of the Health Ministry, fell down on its duty fully to inform the public, and an inter-ministerial committee has now been set up to co-ordinate information on the mis-

The larger question is whether the modest signs of French protest after the accident, when several thousand people attended two antinuclear demonstrations, marks the of the continuing large amount of beginning of a break-up in a long nuclear plant capacity - being built period of French consensus over

from four older gas graphite plants The company, one of France's ment, anxious to relieve pressure profit from cheap electricity and two experimental (and highly biggest borrowers on domestic and on the inflation rate and deter-

lower than

British

PSBR

forecast

at just £861m (\$1.3bn).

By Walter Ellis in London

BRITAINS public-sector borrowing

requirement for April was substan-

tially lower than market forecasts,

Around £1.1bn came in on the

Treasury's final call on the British

Telecom flotation, but that was

built into projections. Bigger tax re-ceipts than expected, chiefly in the

form of advance corporation tax

(ACT), appear to have been the

main cause for the surge in reve-

One-month figures are ontorious-

ly unreliable guides to annual PSBR performance. Even so, the

April total does reinforce an im-

proved trend observed since Janna-ry and suggests that the Govern-

ment may come close to achieving

its borrowing target for the financial year of £7.1bn.

Over January to April this year, the PSBR has totalled minus £1bn -

representing a net repayment - compared with borrowings of

£1.6bn in the same period of 1985.

For the full 12 months of the last fi-

nancial year, a PSBR outturn of C5.9bn was achieved, against the

original forecast of £7bn and a fig-ure of £8bn in the Chancellor's 1985

autumn statement.
About two thirds of total central

and local-authority borrowing is

carried out in the first half of the

year, as old budgets expire and new

taxes and rates remain to be raised.
In detail, the central government borrowing requirement for April was £2.3bn; the Government's own-

account borrowing came to £200,000. Local authorities bor-

rowed £700,000. Public corporations

are reckoned provisionally to have

World Weather

made a small net repayment

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MW and three 1,300 MW PWRs offers a standard of safety and effi-

Radioactivity from Chernobyl escause of the lack of any concrete containment structure. Although EdF says it is impossible completely to rule out loss-of-cooling mishaps in its reactor cores, any radioactive break-out would be prevented - as happened in the Three Mile Island accident in the US in 1979 by the thick reinforced concrete stection surrounding France's

But the accident has shown that, in the event of a mishap in France, the standardisation of the French nuclear programme - a great ad-vantage in bringing down costs might be a source of weakness. Any accident affecting a French PWR could cause a precantionary sbut-down of the whole network, which has now become the backbone for

On the other band, EdF points out that the expanding "park" of French PWRs has now functioned for six years with increasing efficiency and without a serious technical accident. That has given France, a relative late-comer to the nuclear business, a record of nuclear plant operating experience that is the envy of utilities in the US and Britain.

The flurry over Chernobyl comes at a time when EdF has been confronted with financial worries because of a setback in economic lobbying with the Government.

rdened with buge debt built up during France's decade-long nu-clear dash, Edf faces a potential over capacity in the 1990s because under a programme laid down at the end of the 1970s - due to come All French power stations, apart on stream in the next few years.

costly) fast breeders, are pressu-rised water reactors (PWRs). EdF been making big efforts to convince argues that its network of 32 900 bankers that its finances are improving, an effort that may perbaps bave had too much impact on an auciency incomparably higher than dience at which it was not aimed that of the stricken Soviet plant. the new right-wing administration

of Mr Jacques Chirac. Seizing on EdF's best results for eight years - it made a profit of FFr 900m (\$128.6m) in 1985 - and the favourable effect on its accounts of the falling dollar, the Government decided last month to force through a cut in electricity tariffs.

EdF argues that that will bamper efforts to reduce its debts. Ultimately, the utility says, the move will work against French electricity consumers by saddling them with the bill for EdFs higher interest

EdF, the largest utility in the world and with a Triple A rating for its state guaranteed foreign borrowings, had debts amounting to FFr 213bn at the end of last year. 1.6 times its FFr 131bn turnover. A total of FFr 8m of the debts is in foreign currencies, 60 per cent in dol-

In contrast to the early 1970s, when EdF started its borrowing bonanza, high real interest rates are now biting severely into its cash flow. Financial charges last year (interest costs plus provisions on exchange-rate losses on foreign debts) came to FFr 31bn, considerably more than EdF's wages bill, and absorbed 24 per ceot of turn-

To give it the resources to reduce the debt mountain, EdF worked out with the previous Socialist Government a four-year plan under which moderate tariff increases of 1 percentage point beneath the annual inflation rate during 1984-88. The utility was expecting to bring in a price increase of about 2 per cent

The incoming right-wing Govern-

1-point tariff cut.

EdF is clearly profiting, however, from the slide in the dollar. Each 10-centime fall in the US currency reduces its financial charges by about FFr 100m. It is budgeting on an average dollar rate of FFr 7.5 this year against more than FFr 8 in 1985. So the imposed price cut is still not likely to prevent EdF breaking even this year - but gives it less manoeuvrability to manage

The new price cut will, bowever, give further benefits to French industry already, thanks to the cheap-ness and efficiency of France's nuclear-generated power, profiting from the lowest electricity prices in the EEC.

EdF, which emphasises that it receives no subsidies from the Government and pays it more than FFr 15bn in taxes each year, is steadily profiting from the competitiveness of French electricity to build up power exports to the rest of Europe. Those totalled 23.4m kWh last year - 8 per cent of total French consumption - and EdF is boping to boost the figure to 40m kWh by

Barring serious incidents with its own nuclear plants, the Chernobyl disaster might actually work in France's favour. By increasing disquiet over nuclear safety in Britain and West Germany, as well as Switzerland and Italy, the accident might make those countries more willing to import electricity from France. Britain has just started to pipe electricity from France under the new two-way cross-Channel

It might also bring nearer the day - at present just a gleam in the eye of EdF planners - when industrial companies from neighbouring countries decide to set up factories on the French side of the border to profit from cheap electricity in Eu-

Europeans block campaign for Japanese television standard

BY RAYMOND SNODDY IN LONDON

the single world standard for the

The system was backed by the tal bad ranged from £1.1bn to as plus side of the balance sheet as the

The debate will now centre on how long a further study of the pro-posed standard should take. But

Soviet Union's

growth rate

reaches peak

Continued from Page 1

In an important change in the way the Soviet economy is run, the

new Energy Bureau has final con-

trol over the implementation of pro-

in future largely control budgets for the Energy Ministries and the allo-

cation of resources.

After a debate within the govern-

the team of senior economic planners he has appointed. The Soviet

newsagency announced yesterday that the Soviet Union's official pari-

meet in Moscow on June 18 to con-sider it — a year after it was first presented to the Polithuro and sent

back to Gosplan for changes. Most of the recent success in in-

creasing output is the result of bet-

A GROUP of European countries unless the rules of the CCIR are dard for the production of television has succeeded in blocking the adop- changed, a directive on a world bon of a revolutionary Japanese standard could not be adopted until high-definition television system as the next plenary session in 1990. Lack of agreement on the propos-

sharper, broader television pictures al for a picture based on 1.125 lines and 60 hertz (cycles a second) increases the likelihood of incompati-US and Canada, but did not obtain ble standards growing up for high television-set manufacturing marthe necessary support at the plen- definition television - as happened ket in the 1990s over to the Japaary session of the International Ra-dio Consultative Committee (CCIR), The battle over the standard has

by their electronics industries, trying to block the Japanese system. The debate was only about a stan- new television receivers.

programmes and not their transmission and reception in viewers homes. But the Europeans feared that acceptance of the standard now would be the thin eod of the wedge and band the future of the world broadcasting equipment and

The Japanese standard would the international advisory body, become intensely political with the make all existing broadcasting meeting in Dubrovnik, Yugoslavia. main European countries, backed equipment obsolete, and when the technology for its transmission is developed viewers would require

Cost of opening London bank branch put at £1m

BY DAVID LASCELLES IN LONDON

THE COST to a non-UK bank of banking research and consultancy opening a small branch in London is now over £1m (\$1.5m) and annual running costs amount to more than

jects (after they have been agreed by the council of ministers and the state planning organisation, Gos-plan). The bureau, not Gosplan, will There are about 400 foreign banks in London, employing nearly 50,000 people. In the last year, the last year. The annual running cost number showed a slight decline for is £875,240, up from £621,965.

The increase is spread across being cited by some banks as a contributory reason for their deparment, the next five-year plan (1986-90) is being modified under the influence of Mr Gorbachev and

The sharp increase in the cost of annual survey of banking costs by Noel Alexander Associates, the

The cost assumes a branch of 12 people whose manager is an expat-riate, and 3,000 sq ft of space. The latest survey puts the opening ex-pense at £1.2m, up from £931,000

most items of expense: accommodation, salaries and equipment. Two of the largest items, though, are al-The sharp increase in the cost of so those showing the steepest rises: maintaining a presence in the City the cost of buying a bouse for the of London, the world's largest bank-branch chief (now £250,000), and his ing centre, is disclosed in the latest salary, which is given as £85,000, 40 per cent of which comes in fringe

COST OF	F A LONDON	BANK BRA	HCH (E)		
nch size	Openia 1985	g coet 1986	Annua 1985	1968	
ell ell-medium flum	931,000 1,149,603 1,654,435	1,221,020 1,545,170 2,267,220	621,965 825,450 1,340,300	875,240 887,560 1,419,850	
	1,654,435			_	

Italy may cut the lira down to size

By James Buxton in Rome

sweeping away those infinite strings of figures, measured in millions or even billions, that bedevil financial transactions in the coun-

The cabinet was expected last Friday to approve a parliamentary bill authorising the introduction of a new currency - the lira nuova or new lira - which would be worth 1,000 times as much as the present

Italy was in effect set to knock three noughts off all sums expressed in the present currency. Many Italians had only learned of the plan when they picked up their papers that day and several cabinet ministers were themselves informed of the news barely sooner. So when Mr Giovanni Goria, the Treasury Minister, presented his bill - with the strong approval of Mr Bettino Craxi, the Prime Minister -

he found himself facing some awkward questions. Had the economy really im-proved enough to justify such a triumphal event as the introduction of a new currency, he was asked? Infiation, after all, was still at 6.6 per cent, although falling fast, and the national debt was now no less than 102 per cent of gross domestic product and rising. There were also some difficult technical questions as to the effect of the change on

such things as taxation. In the end, the cabinet only agreed "in principle" on the introduction of the new currency; the approval of the bill to implement it has been postponed for further studies. Mr Craxi hopes that the cabinet will approve it in a few

Some ob servers, however, are nore sceptical. Not everyone in the five-party coalition wants Mr Craxi to gain the credit for such a sweeping change that would focus popu-lar attention for many months.

Yet most people agree that a reform of the currency would be good, even if its practical effect upon the economy, as opposed to its effect on everyday life, would be minimal. Italy did not always have such a prolix currency: between 1871 and 1914, was equal to L25. By 1922, the lira had declined to 90 against ster-ling and by 1946 to 900. For much of the 1950s and 1960s, it stood at about L1,700. During the 1980s it has always been in the L2,000s.

The sheer weight of number means that the average worker almost becomes a lira millionaire product will this year run to no less than L752,000bn (\$502bn). All too often. computations in lire overflow the display of even the higgest cal-

The Bank of Italy is understood to be ready to launch the printing of the new banknotes as soon as the cabinet and parliament approve the measure, and Mr Goria's intention is that they would come into circu-lation early next year, to run parallel with the existing notes until the changeover is complete, 18 months to two years later.

Milan bourse settlement questions, Page 22

Oil prices above \$15

Continued from Page 1 Although recent oil production

had been quite high, a lot of crude was still "steaming slowly towards the market," be said.

An executive in one leading nil company said: "This is part of the

extreme volatility which we can ex-

pect from now on."

Mr Peter Beutel, of the New York trader, Rudolf Wolff, said the sharp rise of the crude price on the Nymex was partly a "technical reaction." tion," which showed the market believed the fall to below \$10 per bar-

Nymex plans to tighten the penalties for late delivery of gasoline and heating oil secured through the exchange, Miss Rosemary McFad-den, president, said at the weekend.

Pretoria raids threaten bid for talks Continued from Page 1

should now call off its mission, but be left no doubt that he saw little likelihood of a successful outcome to the Commonwealth initiative.

In Zambia, nne person was killed and 10 wounded when South Africa will lead patch" and a creche nearby.

And Operational centre, journalists the only hope for averting bloodshed.

An ANC official said the organisation had what he described as a "I am warning the West that their policy in southern Africa will lead to hundreds of thousands of lives being lost," he told a press confer-

can jets bombed a refugee camp and a bar near Lusaka, early yes-terday, in the first such raid on the

an President, who had played an important role in Nassau when the eminent persons' group was established, toured the camp with jour- South African "sadists" with arms

man in Pretoria had said it was an tions against Pretaria, saying it was view of the attack, be said.

Some ANC personnel were housed on the premises, but none of the ANC facilities were hit and no ANC personnel wounded.

Earlier in the day, an angry President Kaunda strongly condemned Western nations, and especially the US, which he said were backing the and investments. Like Mr Mugabe,

being lost," he told a press confer-

it was "incredible." Dr Kaunda said, that the raid should have taken place at the same time as the Commonwealth mission was meeting South African ministers in Cape Town, to discuss a possible peace plan for the country. Zambia might have to reconsider its support for Although the air force spokes be called for total economic sanct the Commonwealth initiative in

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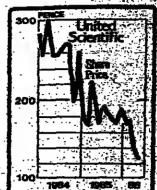
Goodwill ameng retailers

The sperring between Woolworth Holdings and Dixons must be near its end. After the first closing date on Thursday, when Dixons' acceptances per square foot should be small enough to make even Woolworth's sales densities look like evidence of successful retailing, the fighting should begin for real. So far, despite the flurry of mutual cri-ticism, both sides are having difficulty landing a genuine punch.

Although Dixons' share price has enjoyed a modest relative recovery in the past week or so, it seems plain that Woolworth can last out almost indefinitely against an offer that remains something like 150p short of the market's current valuetion. However much Dixons may wish to hang on and make the Woolworth shareholders sweat for an increase, an increase will almost certainly have to be forthcoming before the affair is through. It would be unwise, however, to bet on an increase emerging any sooner than the last moment that the Takeover Code permits.

Divors has likewise abstained from saying enything precise about what it would do with the Woolworth stores. Clearly it would be something different from the focusng operation that has been put in train by the present management. But although the market is pre-pared to take quite a lot on trust from Dixons where retailing technique is concerned, it will have to think twice before it hands over the assets without seeing a believable and reasonably detailed scheme. Fancy retailing blueprints are apt to gather dust, with good reason. Few in the City can be spending much thought on the fate of the Galleria scheme that helped to give Burton control of Debenhams last year. Even Dixons will eventually have to say something.

But the Woolworth attempts to undermine Dixms' credibility and share price do not seem to be having any great effect. A constantly repeated series of questions about the quality of Diagns' earnings seems at last in have boiled itself down to a simple thoice: do shareholders believe Dixons and its auditors that the profits it has reported since taking over Currys are the result of successful trading, or do they think they are the result of financial manipulation? The answers that Dimus has given to detailed queries about the pre-acquisition and the pre-acquisition are the pre-acquisition and the pre-acquisition are the pre-acqu



treatment of Currys credit business, and of the post-acquisition treatment of goodwill, should be detailed enough to stop the barrack-ing. At least, that is, until Wool-

United Scientific -

The claim by United Scientific Holdings that it has the biggest ur-der book in its history could well cause unesse to shareholders rather than the intended relief. On the evidence of these dismal interim figures USH's problem in the US at from 2.7 to 3 per cent. Mill least is that it has been unable to fulfil some key orders at anything despite continued stiff competition other than a loss. USH is now send and a poor harvest which means other than a loss. USH is now send-ing in the firemen to Dallas, but it higher prized wheat, and outsidest has been a year late in answering profits were well ahead thanks to a the 999 call. London centre has belatedly concluded that the US manent would not be able to cope, and that an executive transfusion was called for. Shades of BP and Standard Oil.

dened with a net gearing ratio of business, it has been burning holes about 60 per cent. USH, no longer in their pockets. ARF will not be glorying in the entrepreneurial high margin defence sales to the oil enriched Third World, will find it will buy much more uter thanks much harder to improve its balance would a year agn. Meanwhile it is sheet than it did to mess it up, The blitz on the earning power of

Yesterday's lesses were clearly a shack for even the most well pu-payed of USH followers. The shares dropped from 120p to 118p, and it book a chosed session between management and analysis to square the price back up to 125p, still the lowest since 1980. The promises maintained dividend yields \$4. pa cent suggesting not so much a wall wishful thoughts of a bid if the management-led recovery fails to

Associated British Foods main

most despair of pleasing the stock-market. The 24 per cent increase in pre-tax profits to £163.5m for the year to Merch was dismissed as the year to march was distinsed as the dependent on the low-quality income from investing its cash pile, now approaching 1300m. That our shadowed a 14 per cent rise in trading profits in a year that was difficult for much of the manufacturing

side and when the Australian dollar was sliding.

A closer look shows a good performance by the food retailing bestness, where weeding out the smaller stores helped margins to elimifrom 2.7 to 3 per cent. Milling and
baking profits were slightly legher recovery in the Irish Republic and

growth in Australia in local curren-

As far as trading goes, this year could be better again especially if the harvest is bountiful, with a con-In 1984, when USH shares were sequent saving on holding force; considered good value at over £3 priced stocks. But analysis will no each, the company was in a net be happy until the cash for specific ty the balance sheet is now burfrom the sale of the South African. rushed into anything and I the money is destined to go about earned a good return, though the the oil producing countries is partio-ularly ill-timed for the Alvis subsid-bigger pot, look low; the market if iary, which this year was to have not looking for much more than a s

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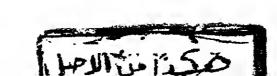
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FINANCIAL TIMES SURV

Tuesday May 20 1986

Ghana

The government of Flight Lt Jerry Rawlings has embarked on one of the most radical economic reform programmes in Africa, but recovery is proving a slow process and austerity measures are increasingly unpopular.

Adjustment fatigue sets in

By Patti Waldmeir

THREE years dogged adherence to an economic reform programme which has been hailed by the West as a "hlueprint for Africa," the Government and reprise of Chemica, people of Gbana are showing signs of what might be called "adjustment fatigue."

The beacon of hope at the end of Ghana's long and dark tunnel of economic and social decline—now visible for the first time in a generation thanks to the determined policies of Flight Lt Jerry Rawlings' Government—has been perceived to flicker recently as the Government and donors alike have to reassess the

immensity of the task ahead. In the past three years, the lawlings Government has succeeded, against formidable odds, in puling the Ghanzian economy back from the brink of collapse. But the efforts have now reached a critical juncture. The Government is facing its most sexious political crisis since the economic programme was launched in 1983: a general strike was only narrowly averted at Easter and the threat of unrest remains on the horizon.

A CONTRACTOR OF THE PROPERTY O

While the regime continues to profess an andiminished commitment to reform, it seems clear that unless steps are taken to reverse a serious

In the words of one donor official, "Gbana can now be said to be out of intensive care. But the convalescence is likely to be long and tedious, and any loss of momentum now could bave serious consequences."

Since 1983, the self-proclaimed revolutionary gov-ernment of Ghana (a most unlikely convert to the conventional economic wisdom of the West) has been struggling to rewrite one of Africa's most disaster to the economic Western-style principles of market capitalism.

In an attempt to boost exports and reduce imports, the national currency, the cedi, has been devalued to only 3 per cent of its value when head of state Rawlings seized power in a December 31 1981 military coup. Incentives to production, including agricultural producer prices, have been substantially increased while price subsidies have been cut or eliminated.

discipline has been improved significantly. In general, an economy which had largely taken leave of its senses by the end of 1982 has been restored to a measure of sanity.

One of the most reform programmes in Africa, the "Ghanaian experiment,"

impressive gains registered the jewel of the West African since 1983 may be in coast. Donors bave pledged coast. Donors bave pledged large sums to support the reforms (some US\$600m for 1986 alone) and the International Monetary Fund (IMF) and World Bank have thrown their combined weight behind the programme which is seen as a major test case for their policies in Africa.

Both badly need an African success story to live down their reputation for being at best a harsh task master, and at worst a destroyer of governments. In the words of one Western donor official, Ghana is the IMF's prize "floor sample" in Africa: a country which has swallowed the hitter medicine of austerity

With the belp of an unwaver- cent ing commitment to economic discipline, good weather and heavy infusions from the West, the four-year-old provisional National Defence Council (PNDC) Government had begun, hy the end of last year, to draw the curtain of Ghana's dreary tale of despondency and

After three years of crisis management, Government and donors alike had begun to turn their atention to the mediumand long-term horizon, and both were speaking excitedly — for the first time in at least 15 years—of the possibility of sustained economic growth.

The grounds for optimism are substantial. During the first 21 years of the adjustment process (and despite the worst drought taken to reverse a serious has generated much excitement (and despite the worst drought deterioration in the political in Western capitals where in living memory) export earn-climate of the country, the Ghana is still remembered as ings rose by 44 per cent from economy remaios today as impoverished as ever from years of neglect with severe structural



Head of State Flight Lt Rawlings has brought the country out of intensive care but has to deal with a long and demanding convalescence

per cent in 1983 to just over 10 per cent in 1985; real gross domestic product grew by 7.6 per cent in 1984 and 5.3 per cent in 1985: almost every indicator of economic activity for two years running in 1984 and 1985, an achievement which no other government in Accra has matched for many years.

For those who visited the near-empty markets of the dilapldated Gbanaian capital

more somhre note. According to a recent World Bank report: "The task of economic recovery and rebabilitation has only just begun . . . for the most part, the

US\$440m in 1983 to US\$633m bottlenecks in every sector."

Officials from both sides addresses to the company of officials from both sides admit that they understand the degree of debilitation of essential infrastructure, and the administrative and management weak-oesses of the clvil service. In the words of one donor, "Even with the best policies, the effects of 20 years of steady deterioration cannot be reversed overtion cannot be reversed overnight. Gbana would bave to grow at the rate of the world's most successful economies for in 1970."

driver (a retired civil servant): time since the reform effort later, the hospitals are still graveyards and a lahourer's daily wage will still not even buy a loaf of hread."

Ghana's chullient secretary

(minister) for finance, Dr Kwesl Botchwey, counters such near-empty markets of the dilapidated Gbanaian capital in 1970."

during the famine years of 1982 and 1983, the feast of local and imported foods on display in Accra today is most impressive. But there are signs that the loitial cuphoria over Ghana's recovery may have heen overdone, and doors and the Government are now striking a more sombre note. According to state havings largest constituency, has accused him of
betraying the original aims of
the revolution: the redistribution of wealth, the pursuit of
social justice, and the establishment of grass-roots
democracy. democracy.

According to one Accra taxi tion and health, for the first

was launched in 1983,
The message does not seem
to be getting through to the
uoious. Relations between government and the rank and file of the Trades Union Congress (TUC) are at an all-time low, strikes have hit the coun-try's banks and the Ashanti Goldfields Corporation, the largest private-sector employer and a major foreign exchange earner, and local businessmen say the threat of a national

stoppage continues to loom large. hy the total disintegration of the economy? Because that's what we were facing in 1983..." His message is that without the full rebahillation of the productive sectors of the economy, no programme of investment in social infrastructure could possibly controlled press, which alleges house, where the leadership is smarting under the impact of virulent attacks by the state-controlled press, which alleges infiltration of the union movement by the US Central Intelligence Agency (CIA) and other gence Agency (CIA) and other

alleged enemies of the revolution. The crisis has blown np over

CONTENTS

Economy: high price being

Aid: praise from

Politics: Austerity takes its

Transport: Ports delay the

Agriculture: A year for bumper harvests

Cocoa: Production

Gold: Jolts on the pay

Palm Oil: Why Lever Bros

feels the heat Timber: Growing pains 5

Interview with Dr Kwesi Botchwey, Secretary for

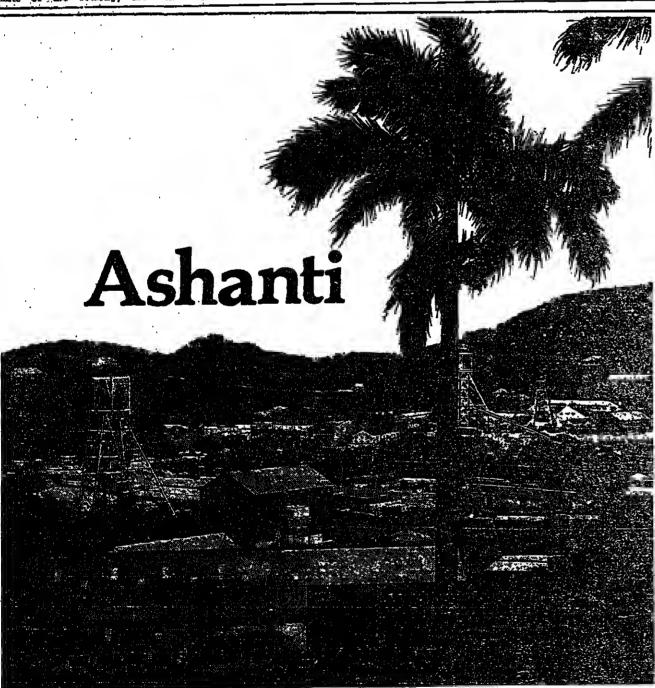
Guide for businessmen

large public sector pay rises last January—which, rather than threatening the Government's popularity, ought to have provided a much-needed boost.
But government officials

admit that the move was badly mishandled. The initial aim was to compensate workers for a 50 per cent devaluation of the cedi by raising the minimum wage to Cedi 90 per day from Cedi 70, and to reward initiative in the civil service by intro-ducing large pay increases for those in positions of responsi-

billty. However, in the Government's haste to be seen to cushion the workers from the blow of yet another devaluation (the ninth since the programme began), new pay scales were rushed through without full consideration of their impact on government expenditure. Government wages and salaries hill rose to C30bn from C14bn last year, well above the budgeted

CONTINUED ON PAGE 6



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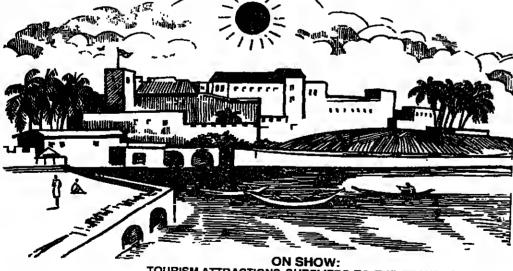
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High price for success

Economy

PATTI WALDMEIR

With the major stabilization goals in sight, the attention of policymakers is (Ghana's) rightly shifting to more medium-term concerns. It is a measure of the ocuteness of the crisis that Ghana faced in 1983 that even with o policy reform effort of a magnitude most governments would have found impossible to take on, the last ahead remains a daunting one. From a recent Worlo Bank

report on Ghana IF THE task of relaunching the Ghanaian economy now appears daunting (to Govern ment and donors alike), the in 1983, when the reform pro gramme was launched, it must have seemed insurmountable. For more than a decade be-

fore the New Year's Eve cour which hrought Flight Lt Jerry Rawlings to power in 1981. Ghana had heen regarded as a textbook example of what can go wrong with an African economy. Few of the mistakes precipitated Africa's economic crisis are unrepresented in its story, a chronicle of corruption, mismanagement, inefficiency and neglect compounded by a series of traumstic external

Throughout the 1970s and early 1980s, reckless government speoding bad led to large hudget deficits which fuelled infiation and eroded the real value of the cedi, which traded on the "Kalabule" (hlack) maron the "Kalabule" (hlack) market at only 6 per cent of its official value. Trading in imported items, which were paid for at the ridiculously low official rate hut re-sold at a price set hy the black market, hecame immensely lucrative.

Corruption and graft unsvoidahly flourished as businessmen competed for the limited number of import licences which were an importer's sure

passport to prosperity.

Production, whether for the local market or for export, became hopelessly unremunerative. While many production inputs were priced at the "Kalabule" rate, domestic sales were strictly price-controlled and returns from export were calculated at the much lower official exchange rate. Exports fell sharply, depressing foreign exchange earnings, and making it difficult to import the inputs needed to get exports moving again. Ghana entered what then seemed an inescapable spiral of

Three years later, the Governmeot would argue (and most donors would agree) that Ghana is now on the point of sur-mounting the insurmountable. Both sides have begun to speak of the prospect of sustainable momic growth for the first time in very many years.

ments to date have attracted extravagant praise from the World Bank, which has provided substantial finance to fuel the recovery, and enthusiastic kudos from most of the rest of the Western donor community (which had visited international when it took power in 1981. in a hlaze of anti-imperalist

fulmination).
The record is clearly impressive, although it is worth remembering that improvements are from a very low base: exports of cocoa, the country's largest foreign ex-change earner, have risen by some 30 per cent since the programme was launched, timber export revenues have more than doubled since 1983 and are expected to reach US\$60m next year, up from only US\$12m in 1983; and the sharp decline in gold output, which had fallen from over 700.000 ounces in 1970 to only 276,500 in 1983, has finally heen

Real gross domestic product (GDP) has risen for two years running, hy 7.6 per cent in 1984 and a further 5.3 per cent in 1934 and a further 5.3 per cent last year. Imports have risen to US\$673m in 1985 from under US\$500m two years earlier. The Government's current account deficit has declined from 7.3 per cent of GDP at the beginning of the decade to only 2.15 per cent last year and inflation has fallen from 123 per cent io 1983 to just over 10 per ceot in 1985, despite a staggering devaluation of the cedi (which is now worth just over one US cent, down from 36 cents in 1983).

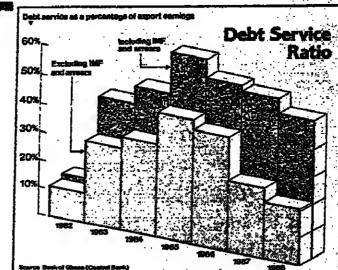
A series of what Finance Secretary (minister) Dr Kwesi Botchwey calls "mind-boggling" adjustments has been necessary to attain the primary goal of the first three-year phase of the recovery programme.

As part of an economic recovery programme drawn up in close consulation with the A series of what Finance

in close consulation with the International Monetary Fund (IMF) and animated through-(IMF) and animated throughout hy the conventional economic wisdom of the West, major policy reforms have heen undertaken since 1983. The aim has been primarily to remove price distortions and rationalise public finances to ensure that resources are reallocated to the productive allocated to the productive sectors of the economy.

Nine cedi devaluations have reduced the currency to only 3 per cent of its 1983 value, and institutions in the financial boosting exports and discourag- sector of the economy, to iming over-reliance on imports (the nfficial exchange rate remsins, however, at twice the black market rate, with equilibrium due to he achieved in mid-1987).

The key producer price for cocoa has been increased seven-



Balance of payments

(US\$m)			
	1983	1984	1985*
Exports	439	566	. 633
Imports	500	616	 673
Invisibles (net)	-157	– 26	 -121
Current balance	-218	– 76	 -160
Capital (net)	163	93	62
Errors/omissions	187	. 20	 -47
Overali balance	-243	37	. – 51
	 Provision 	al.	

Source: Bank of Ghana

fold, to C85,000 per tonne from only C12.00 and 15,000 uployees of the Cocoa Marketredundant, in an erfort to control board overheads. Price subsidies have been cut or Price eliminated and price controls relaxed, interest rates have risen, and fiscal management has improved

Donors have backed the reforms with hundreds of millions of dollars in aid funds which have been invested in, or com-mitted to, the rehabilitation of various sectors of the economy including transport, energy, mining, timber, cocoa, agricul-ture and industry. Programmes for the health and education sectors are at an advanced stage of preparation. The largest single supporter

of Ghana's recovery efforts so far has been the IMF, which has lent the country nearly SDR 600m (US\$620m) since 1983, in the form of two standcredits and funds from "compensatory financing facility' to cushion agains sses of export earnings. further US\$900m in aid was committed by Western donors in 1984 and 1985, with an additional US\$600m pledged for 1985 [figures include US\$463m committed by the World Bank since 1982]

since 1983]. With the publication late last year of a medium-term economic recovery programme for 1986-1938, the Ghanaian experiment is set to enter a new phase. The short-term goal of stabilisa-tion is now to give way to the Government's medium-term objective as set out in the 1986-1983 programme document: "To improve living standards on the basis of increased production and the efficient pro-vision of basic social services."

The three-year programme launched this year will require a very large Western commitment if it is to achieve what ment if it is to achieve what government officials admit are highly optimistic targets such as GDP growth of 5 per cent per annum and a 1.5 per cent annual increase in per capita incomes. The Government estimates that it will require new aid commitments of new aid commitments of US\$550m in both 1987 and 1988, in addition to the US\$600m in pledges already secored for this

Clearly, the conclusion of a new IMF credit will be critical to the programme's success. Without a fund programme in place, the increasing momeorum of bilateral commitments is likely to falter (multilateral

likely to falter (multilateral donors still provide the bulk of sid) and Ghans's deht to the fund, which must be repaid from this year, would become unmanageahie.

Negotiations between Ghana and the IMF for a three-year extended fund facility of some SDR 275m are currently stalled over the delicate issue of how over the delicate issue of how to shave C4hn to C5bn off the public sector wages and salaries hill for this year. It is understood that disagreements also exist over the Government's forecast of an ambitious 110 per cent rise in revenues this year to some C85bn from C40hn in 1985.

Both sides say that they are optimistic that obstacles to agreement can be overcome agreement can be overcome. soon, perhaps during the Fund's next visit to Accra in early June. But there are now signs that the Fund may be unwilling to commit the full SDR 275m for a three-yesr programme, and may insist on a 12 or 1g month credit instead — a reflection of the damage done to donor confidence by the Government's michardling of the wares. meot's misbandling of the wages

Negotiations are also in hand with the World Bank for a three-year "structural adjustment loan" for around SDR 300m, although SDR 300m, although no disbursements are likely until next year. The programme would seek to strengthen policy prove public sector manageinefficient state-owned enterprises sector, and to rebabilitate Ghans's "human capital" through programmes in health and education.

If these levels nf funding can

be agreed, Government officials say they are confident that prospects are bright for a major improvement in the unenviable standard of living of most Ghanaians. (Before the recent pay increases, real wages were only nue-quarter of their 1975 levels and even the new higher minimum wage of C90 per day will not buy a bottle or Decr or one square meal.)

But the experiences of Phase one of the recovery programme, which ended last year, must counsel caution in forecasting the likely pace of recovery. Export recovery, especially in the gold sector, has been much slower than expected: a US\$156m programme to boost the output of the Ashanti Goldfields Corporation (a Lourho initi venture) to 400 000 output iniat venture) to 400,000 ounces from about 264,000 last year is some 18-24 months behind schedule because of what the Government calls "procedural

difficulties. Plans to increase the state gold mining corporation's pro-duction four-fold by the early 1990s have also experienced serious setbacks. Recovery in the timber sector, although impressive, has been hampered by lack of capacity at the ports.

Donor and Government

nfficials concede they may bave
underestimated the degree of dehilitation of essential infrastructure, a major constraint on exports. But they point out that the impact of the large infra-structural and sectoral investexports. But the, exports. But the impact of the large into the impact of the large investments made under the programme has yet to be fully felt: so far, only the "policy in weather.

In the timher sector, for donor, "it would simply be too donor, "it would simply be too great a shame if the improvements of 1984 and 1985 were to prove just a flash in the panton of a failure of the

in the country late last year.

Perhaps the largest constraint the political situation success on growth so far, however, and

one which Dr Betchwey has identified as the greatest threat to the programme's feature, are management weaknesses which have hampered implementation. hisbursement of the a

sames committed to recovery. Stiff domestic credit ceilings agreed in conjunction with the ing have slowed growth in domestic industry, say local businessmen; and depressed utilisation of the various sector. credits (because companies car not raise the cedi-cover needed to pay for imported inputs). Problems with damestic re-source mobilisation have constrained the Government public sector investment pro

From this year, external debt servicing will begin to impose servicing will begin to impose a crushing burden on the recovery effort. Debt service (including debt to the IMF and reduction of some arrears) will consume 57 per cent of export earnings in 1986, 55 per cent in 1987 and 50 per cent in 1988 (when more than half of the projected debt burden will be accounted for by repayments to the IMF, including interest).

Chang is due to repay US\$72m to the fund in 1986 US\$187m in 1987 and US\$185m in 1988. The fall in the world price of oil will substantially price of the war sanctantanty, ease the external payments situation this year, but it is clear that the reform programme will be insustainable unless more resources are forth coming from the TMF The conclusion of a new credit-land the prospect of an additional US\$90m from the IMFs is-called "special dishursement account") would at least ensure Ghana does not make large net-payments to the fund over the next few years.

Sustained bilateral donor sup port — at very high levels and on the softest possible terms — may make or break the Ghanaian experiment. And a recent deterioration in Acces relations with Washington and (to a lesser extent) London could have a major impact. US officials say Ghana probably lost some US\$20m in petential sid for this year because of the acrimony surrounding the expalsion of four US diplomate alleged of spying late last year.

In the final analysis, however, the greatest threat to the future of adjustment in Ghana must come from apparent weakness in the political underpinning of the reform programme Ordinary Ghanaians complain that the professional classes have so far been the programme's main beneficiaries as they alone can afford the highly-priced consumer from which are now available in

For the man in the street, by far the largest improvement so far has been in the supply of local foods (which were extremely scarce in 1983 and 1984 due to drought). But this

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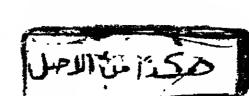
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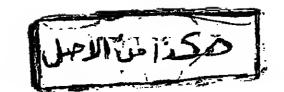
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Smiles from the donors

Aid

May 20 1388

The state of the s

PATTI WALDMEIR

THE REHABILITATION of Ghanz in the eyes of the western donor community, western donor community, which had virtually cut off all assistance to Acera by the end of Flight Lt Rawlings' first year in office (1982), has been noth-

of Flight Lt Rawlings' first year in office (1982), has been nothing short of remarkable.

In the past three years, donors have promised aid totalling some US\$1.5bn (including US\$800m for this year alone) to help pull Ghana back from tha brink of economic collapse.

While the past 12 months have While the past 12 months have seen a number of other worthy
African governments (like
Zambia, which has undertaken
a radical economic reform programme) enter the competition
for western concessional assistance, donors are still firmly backing Ghana's efforts.

But slow disbursement of aid committed to Gbana has so far proved a major constraint on recovery, and the Government bas waroed in a recent docu-ment that the aims of the economic recovery programme can-not be achieved unless the rate of disbursement can be speeded up significantly.

Donors and government offi-cials highlight the following barriers to rapid disbursement: Government procedures are cumbersome, and involve numecous separate stages with the potential for delay st every stage. There is a severe sbortage of trained and experienced staff lost large numbers of personnel in recent years. In general, the Government lacks the experience of processing such a large volume of aid. Before 1983, under US\$100m would have been processed in an sverage year. Since then commitments have totalled TS\$416 in 1984 have totalled US\$415m in 1984, US\$478m in 1985 and US\$600m in pledges have been

received for this year.

Donor commitment and procurement procedures are also said to be too complex and time-consuming and Ghanaian offi-cials complain that they are often deluged with donor misstaff and consultants from the World, Bank visited Acera last year), frequently to study the same project. This puts an inevitable strain on administrations and managers who are already seriously over-extended.

Too large a proportion of the PNDC's economic opposing the less closed ranks in support of the PNDC's economic only about a third of the total proposition of the proposing the growing programme. They marched in large numbers on TUC bouse in Acera to rout a union leadership which was condemned as reactionary for opposing the Government's sions (for example, some 200 staff and consultants from the Too large a proportion of line—a target which, if met, aid is in slow-disbursing form. In the words of one multilateral gramme a very major boost.

The per cent which the plans opposing the control of their distance of industrial relations in the course of the course of the courty.

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The per cent which the plans opposing the court of the courty of their distance of the courty of the courty of their distance of the courty of the courty of their distance of the courty of

donor official, "there's still too much flag-flying" by bilateral donora, who prefer to commit funds to high-profile project aid (which is in general alow-disbursing) rather than supporting (perhaps jointly with other donors) the various sector rehabilitation efforts where an individual donor's contribution

is less essy to identify. Ghana's target is to secure two-thirds of aid in quick-disbursing form (so-called "pro-

Coveroment has serious diffi-culties providing local counter-part funds, and donors bave been asked to provide a more "realistic" level of local fund-ing to ensure that committed foreign exchange funds do not lie idie: local importers have also been unable to take advantage of some of the quickdisbusing aid on offer because they cannot raise the cedi cover nceded to pay for urgently needed imported inputs.

There is a multiplicity of small bilateral peojects in Ghana's aid portfolio which could more profitably be incorporated in a sector aid programme which could be co-financed by several donors. This would reduce the administrative burden on the Government, as the time and effort needed to process a small credit varies little from that required to arrange a large sector credit.

The Government and donors say they are making every attempt to remove bottlenecks where they exist: but delays are still the rule. A recent government document outlines the various stages at which funds can be held up:

"Ghana's experience suggests that an agreement can take between three and 10 months from the initiating stage to the signing stage. Delsys also occur

Foreign aid pledges for 1986

	(U	(五五)		
	Composition	of Pledge		
_	Total		Pro-	Technical
Donor	pledge	project	gramme	assistance
Canada	26.1	g. 5	17.2	0.4
France	19.5	19.5		_
W. Germany	20.0	6.0	7.0	7.0
Japan	47.1	28.7	17.8	0.6
Switzerland	5.1		5.1	
Britain	35.9	2.9	29.6	3.4
US	23,4	3.0	20.4	
Denmark	14.0	14.0		-
Netherlands	15.2		15.2	
Saudi Fund	36.4	31.5	4.9	_
Knwait Fund	7.0	7.0		
Total				
Bilaterals	249.7	121.1	117.2	11.4
Mnltilaterals				
ADB	77.9	57.7	20.2	_
EEC	35.3	26.0	15.3	
Еlb	11.6	11.6		
IFAD	15.0	15.0	_	_
UNDP	g.0	_	_	8.0
IDA	206.0	24.5	_ 1g1.5	
Total				
Mnltilaterals	353.8	128.g	217.0	g.0
Ali donors				
Total	603.5	249.9	334.2	19.4
Sourco: World Bank				

Austerity takes its toll

WHEN GHANA'S charismatic try, such as show of support young leader, Flight-Lr J. J. Rawlings, came to power in a military coup on December 31, 1981, he was greeted enthusiastically by ordinary working people throughout the country which has repeatedly accused the mayement of being the state-controlled press. as "junior Jesus."

During the latest union unrest over the vexed issue of public and private sector wage in-creases in the industrial port city of Tema last month, a placard was sighted (and quickly withdrawn) bearing a different interpretation of the head of state's initials: "Junior Judas," it said.

Ghanaian officials react angrily to the accusation, put forth frequently in private by the rank and file of the coun-try's Trades Union Congress (TUC), that the Provisional National Defence Council National Defence Council (PNDC) Government bas sold out the interests of what was once its largest constituency: the urban workforce. While they concede that wage

labourers struggling to live on C90 (US\$1.00) per day have been the hardest hit by three before a signed loan/credit is years of austerity, they repeat-declared effective because of edly stress that the only alterdeclared effective because of early stress that the only altermany unforeseeen circumstances, some relating to (donor) conditions. The disbursement stage can involve when austerity bit the hardest as devaluation and drought led project execution because of financial, material and management constraints.

Communication of the property of the PNDC's economic continuous to the property of the PNDC's economic and property of the PNDC's economic continuous to the property of the property

which has repeatedly accused the movement of being infiltrated by counter-revolu-tionaries (particularly from the western intelligence services). And in a febrile Easter sermon on the moral state of the nation Flight Lt Rawlings lashed out corruption among

Politics

PATTI WALDMEIR

workers, ssserting that "unlike past situations where the Governments were corrupt and presiding over... boly suffer-ing, angry people, today... we have a Government which is suffering under the weight of a

corrupted people."

The hreakdown in communication between the Government and the unions could have serious consequences for the future of an economic recovery programme which bas lost credibility with large numbers of urban Ghanaians.

The organs of government which were to have kept lines of communication open (in the absence of more conventional democratic institutions like a directly-elected parliament)
were the so-called People's
Defence Committees (PDCs)
and Workers' Defence Committees (WDCs) set up by the
PNDC in the earliest flush of

Based loosely on Cuhan and Libyan models, the PDCs and WDCs were to have formed the

nuclei of a new democracy,

hringing democratic priociples (which were grossly ahused by Ghana's leaders under the Westminster system of government overthrown hy Flight Lt Rawlings) to the grassroots. In the event, the PDCs and WDCs were guilty of serious misuses of power, and of a degree of brutality and corruption which has left the concept widely discredited among Ghanaians, The Government has had to crack down hard on the committees' excesses (they bave since been renamed Committees for the Defence of the Revolution (CDRs) in an attempt to improve their disastrous image) or face widespread disorder and industrial indiscipline. But this has left it with few direct channels of communication with the country's workers.

Meanwhile, unhappy murmurings continue to surface, not only from the unions, but also from the military, which bas hatched numerous more or less well-organised coup plots during Flight-Lt Rawlings' 4½ years in power. The threat appears in power. The threat appears to come both from the left and the right of the political spec-trum. But all attempts so far bave been put down decisively by Ghana's impressively effici-ent security apparatus, beaded by Captain Kojo Tsikata, one of

PNDC chairman Rawlings' closest advisers. Even Ghana's peofessional classes, which were victimised by the young revolution in its earliest stages but later brought

Ports hold up progress

COAST

Transport STEPHANIE GRAY

THREE YEARS ago. 70 per cent of Ghana's trucking fleet-which hauls most inland traffic —was out of action due to lack of batteries, lyres and other spare parts.

Thousands of tons of bauxite lay stockpiled for months at the Awaso mine because the rail link was in such bad repair. Shipments of food took equally long to move through the ports. What had been the best transport infrastructure in West Africa became a major con-straint on all the country's most productive sectors. Indeed, the whole system came close to

A great deal has still to be

has been the rehabilitation of the Westero Railway—vital for moving timber, bauxite, man-ganese and cocoa to the main two deep water export-ori fit-sted ports at Takoradi. Hundreds of miles of track have had to be completely re-newed with funds provided by the World Bank (\$29m) and the African Development Bank the African Development Bank (\$13m).

done especially in the way of road building and efficiency at the ports but, under Ghana's World Bank-supported Econo-mic Recovery Programme most of the worst bottlenecks have

The most impressive progress has been the rehabilitation of

been removed.

The railway system links Ghana's three main cities, Accra, Kumasi sud Takoradi. One branch serves the mines in the west and the central branch links the western line with the eastern which serves

Tema port near Accra.

The eastern line, however. ferries little freight and is mainly used by market mammie traders. The passenger service is slow—taking three times as long as a road journey to Kumasi—and studies have been undertaken to see whether im-

provements are possible.

The route to Takoradi, however, remains the priority in the export led recovery plans and new equipment and track has meant freight tonnages almost doubling between 1984 and

More World Bank money has been spent on road building in Ghana, latterly under various reconstruction import credits. Private hauliers will now venture in to parts of the country that bad posed too much of a risk.

At village level, many tracks are still almost inaccessible

with a three-mile journey taking three bours. But the main routes—especially the Accra-Kumasl road — from the resource-rich centre have been resource-rich centre have been vastly improved. So much so that this year's quick evacuation of the main cocoa crop bss led to serious storage embarrass-

ments at the ports.

Apart from still neglected straints, there are still wideroads in the far north and despread reports of pilfering from tours on the Kamasi-Takoradi the ports, despite police checkrosd, the ports remain the most difficult obstacle.
One London cocoa trader

BURKINA

maintains that barvests were shifted faster by surf boats in the 1970s than they are through the ports todsy.

Rescue plans for both Tema and Takoradi, based on \$75m loans from the World Bank, the

Saudi Fund, the Japanese
Government and the EEC, will
not bave been completed for
another four years,
Apart from the physical con-

points. The Government is often

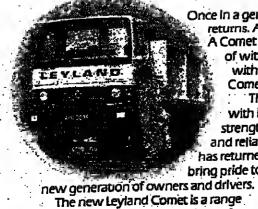
urged to privatise the port authorities as a means of im-proving efficiency generally. Any decision by the authorities on privatisation is probably a long way off. In the meantime, new cranes and other handling equipment is beginning to make

an impact. Investment in the port facilities will need to be sustained if the potential of Ghana's re-source wealth is to be even half



This new bridge over the Itnre River, 55 miles from the capital. Accra, is a key section on the Pan African Highway, West Africa's main inter-country road link. It was built by Cementation International as part of a £20m contract





in its own lifetime.

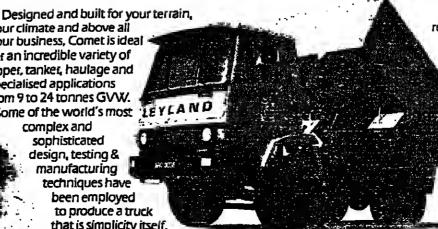
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Once in a generation, a Comet returns. A Comet of legend. Comet our fathers spoke of with respect and with pride. Now, that Comet has returned. The Leyland Comet with its legendary strength, power and reliability

has returned to bring pride to a

your climate and above all your business, Comet is ideal for an incredible variety of tipper, tanker, haulage and specialised applications from 9 to 24 tonnes GVW. Some of the world's most 'LEY complex and sophisticated

design, testing & manufacturing techniques have been employed to produce a truck that is simplicity itself.



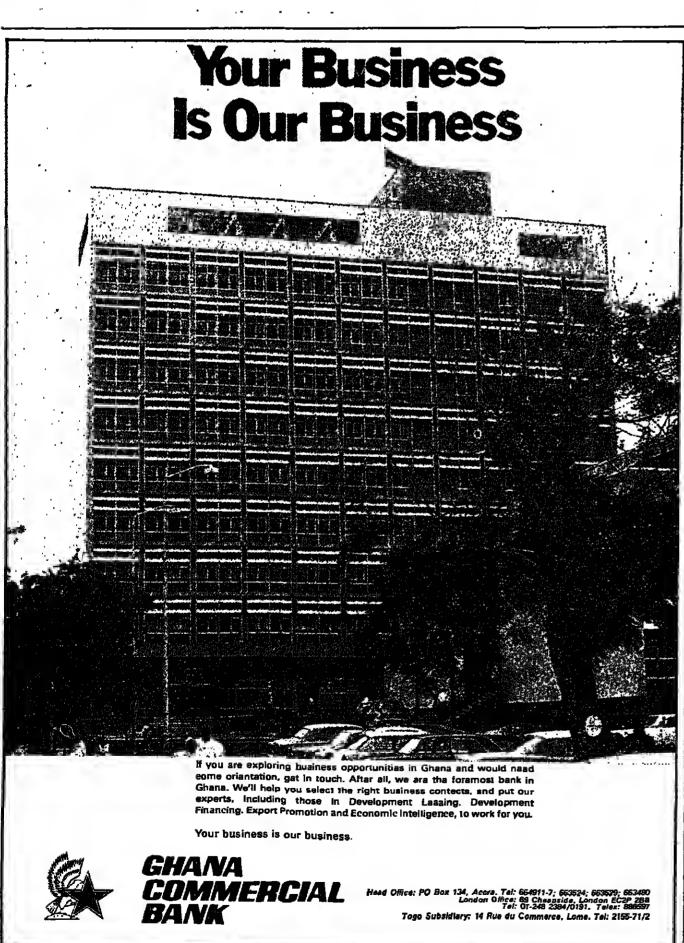
Simplicity that means rugged reliability. commonality of components across the range and ease of maintenance. Components like the 6.98 and 400 series Leyland engines and carefully

matched gearboxes have been tried and all tested in a variety of arduous and demanding operating conditions. The forward control tilt cab gives the driver comfort,

insulation, excellent ventilation, cross cab access. safety and extra visibility. The Leyland Comet has returned AND WE'RE PROUD OF IT

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Plenty of produce for the yam market in Accra

Rains bring bumper harvests

Agriculture

STEPHANIE GRAY

GHANAIANS WILL not easily forget the dark days of 1982-83 when severe orought brought when severe orought prought widespread food sbortages to the country. While the shortages were not on a scale experienced elsewhere in Africa, they were exacerbated by the sudden influx of thousands of nationals who had

been expelled from Nigeria. Cocoa farmers started clearing trees to make way for subsistence food cultivation as prices soared. Those who

prices soared. Those who could afford to travelled to Toco for their supplies. In the last few years, however, the position has heen reversed. Ghana has recorded bumper harvests in all the main food crops and has even started exporting modest amounts of maire, yams, ginger and pepper.

and pepper.

The turnabout is largely the result of good rains and wider availability of fertilisers resulting in abundant supplies of staples like yam, plantain, cassava, maize and rice in the towns. A sharp improvement in transportation means that crops no longer lie rotting in the fields for lack of vehicles

The problem is that much of the local produce is being undercut by imported goods that are both cheaper and of better quality. Packets of hlack eyed beans,

local price and do not require thorough washing and de-

The beane bear the label
"Produce of Louisiana" and
are of course the produce of
highly mechanised farming—
not the highly expensive output of the traditional Ghanaian
smallholder. Imported produce comes into

the country under the free market World Bank prescrip-tion. The Government has introduced Special Unnumbered Licences (SULs) as a method of clawing back black market funds into the economy. Under the system, goods can be im-ported with no question asked about the provenance of the foreign exchange funds.

Rice, which Ghana has started producing in large but expen-sive quantities, is one of the few commodities that is protected. Tobacco, which provides considerable Government revenues in excise duties, is Otherwise, though, there is a

general free-for-all and, in the absence of any price support mechanism for the Ghanaian farmer, little incentive to continue cultivating food crops rather than reliably lucrative cocoa, tobacco or palm oil. Furthermore, adequate contingencies in the way of storage

facilities for buffer stocks bave not been taken to ensure food security in the event of crop-failure. Reserve stocks are particularly important for the Upper East and Upper West leaving the region Regions which remain chroni- with responsibility short of food and could do like fertiliser, with a permanent store of 15,000 machinery and spare parts.

for instance, appear in the markets for a fraction of the Production of food crops

	-		~200	10 met	ric tom	100 5			·
Maize		1990 382	,	981 378	1982		983 172	1984 574	1985 411.6
Rice	: -	. 78		97	. 36	.77	40	66	90
Millet		. 82	10.00	119			40	_	53.7
Sorghum		132	77.	131	86	7.	56	1.	62.1
Cassava.		2322		065	2470	- 1	729	4053	3075
Ceoyan		643		631	628	ا. الراح	729	-	584.3
Yam		650		591	588	25/2	866	<u> </u>	485.4
				000.00		-			2.70

There is a dearth also,

processing facilities for local produce with only one or two canning factories operating. In the countryside, mea while, slash and burn farmin practices continue unabated

leading to widespread soil hills. Smallholdings also con-tinue to show very low yields. Most of Ghana'e agriculture is in the hands of the small-scale farmer with 95 per cent of production coming from farms smaller than 10 acres. The

rest comes from the badly organised public sector farms. Under Ghana'e Economic Recovery Programme, efforts are under way to change the picture radically. One of the major features of the pro-gramme is the decentralisation of the Ministry of Agriculture, leaving the regions and districts with responsibilities for inputs

The decision has been taken to privatise inefficient parastatals but it will be some time before this is achieved. Indeed, there is a considerable time lag

considerable tion lives in rural communities and 5 per cent is employed in the sector has received the appropriate priority.

Most of the attention so far, however, has been pointed at the commercial crops specifi-cally cocos and timber—on

which the Government's explore recovery hopes are planed.
With a population growing at a rate of 2.9 per cent a react, much more needs to be done to ensure constant food security and the conservation of vacy vulnerable land if Ghama is to avoid the enfering and tree of the property and the enfering and tree appears to the enfering and tree to the enfering and the enfering and tree to the enfering and t

Sharp upturn in production

Cocoa

STEPHANIE GRAY

A FEW, YEARS ago, many of Ghana's demoralised cocoa farmers started chopping down their trees for firewood and even abandoning their farms. For those who stayed behind crops took priority. The days when cocoa cultivation was synonymous with immense social prestige and wealth had virtually vanished.

The damage wreaked by drought, neglect and hush fires was intensified by hopelessly lnadequate producer prices equivalent to only 25 per cent of the world price.

Payment delays were critical, inputs in very ehort supply and the removal of heans from remote areas had become almost impossible due to the collapse of the transport infrastructure.

Crops that had reached almost 600,000 tonnes a year in the 1960s bad fallen to the 150,000 mark, despite the crucial role cocoa has always played in Ghana's now beleaguered economy.

Cocoa accounts for more than 70 per cent of Ghana's foreign exchange earnings and is an important contributor to government revenues.

In just three years, however, production has risen from 157,000 tonnes to the 210,000 tonnes forecast for this year'a main and mid crops. Thie sharp change in fortune is largely due to the Government's rehabilitation programme, launched in 1982 and heavily backed by the World Bank and bilaters! donors to the tune of

The World Bank says that the turnabout is the result of government policy rather than the Investment whose effect has yet to be seen. By far the most important policy change has been an increase in the pro-ducer price by 372 per cent since 1983 from 12,000 cedis (£8,000) a tonne to C\$85,000 this year-a rise that far outstrips inflation and should provide a serious incentive for new

Another was the supply to about 300,000 farmers of previously scarce basic consumer goods that the Cocoa Board has been transporting to remote villages and selling at cost.

Good rains have been another factor in the recovery, along with improved husbandry, rela-tively timely inputs and better investments in truck fleets and road and rail reconstruction. The problem of late payments

to farmers has been much reduced through the introdertion of cheques to replace the iniquitous system whereby pur-chasing clerks in villages held farmers to rausom by issuing chits in lieu of cash.

The clerks kept the money—
and even turned money lenders

-lending cash to the farmers and using the chits as collateral. The cheque system has wiped out this abuse, though there were initial difficulties of access to banks with farmers often baving to walk for days to deposit their cheques. Ghana Cocoa Board (Cocobod) points to a large increase in the numbers of rural and mobile banks.

However, hopes that the system would bring out hillions of cedis from under mattresses have been largely unfulfilled.

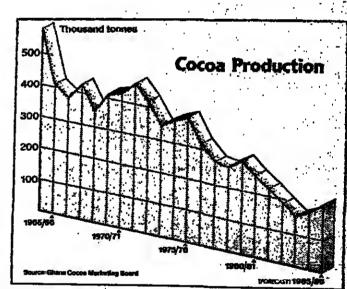
Other improvements include retrenchment and restructuring in the various divisions of the unwieldly Cocoa Board under the guidance of Peat Marwick, the British consultants.

Overstaffing, including large numbers of "ghost" workers, amounted to a complement of 115,000 workers in the board's nine divisions. About 3,500 have been lost through the elimination of "ghost" workers and natural wastage. A further 17,000 have been made redundant in programment of the state of the sta Ultimately, retrenchment of 50,000 workers is envisaged, a

figure that might prove politically untenable.

It is almost certain that two Formulation Plant and Planta-

the divisions—Abuakwa tions—will be partly privatised with the state-owned board retaining only 30 per cent equity. One of the three loss-making cocca processing factories is also a candidate for privatisation.



All these moves should lead to much better efficiency within the board which at present consumes about 30 per cent of income from sales on the world. market.

The rehabilitation programme generally has, for the moment anyway, restored confidence in the sector and there is a steady drift back to marginal farms where food crops, due to a recent glut of produce, have lost their competitive edge. New planting has been under-

taken to replace trees that are mostly more than 30 years old. Significantly, however, much of the new planting of hybrids that have taken between five and seven years to yield fruit, is taking place along the Ivory Coast border.

One seed specialist recently reported driving for 25 miles along the western border. New trees bad sprung up on both sides of the road all the way.

His outing suggests that patrols by soldiers, border guards, police and people's militias have had only sporadic militias have had only sporatic effects on smuggling—mainly to tha Ivory Coast but also across the eastern border Into Togo—which may account for the loss of anything between 10,000 and 30,000 tonnes a year. Foremost among the other problems facing the industry is its competition with timber —the aector npon which, along with cocoa, Ghana's sbort-term export recovery hopes are pinned Timber concessionaires pinned. Timber concessionaires
have been destroying cocoa
farms in the process of felling
their timber or leaving cocoa
trees without sufficient canopy.
Timber trucks have also
contributed to the still parlous
etate of roads in remota areas

of payments position
the present confider
maintained, the pro
encouraging. with
of about 300,000 tor
forecast for the e
decade even on the
existing plantings.

where it can take three hours to move three miles. Improvements in transport

outside the villege have been aubstantial though, especially through the use of private hauliers who have largely been responsible for the transport of almost all of this year's main crop to the ports. So quick and successful has it been that the ports are now heavily congested with no more storage space and few des-tinations left for the humper harvest.

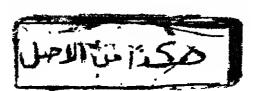
This position is a hangover from the time when buyers could not rely on Ghana to meet delivery dates and their confidence has yet to be fully restored.

confidence has yet to be fully restored.

One observer estimates that it will not be until the second half of thie year before all the cocoa is moved from the ports. By then, fears of the effect of the possible liquidation in September of 100,000 tonnes of buffer stock belonging to the International Cocoa Organisation (ICCO) that is in danger of collapse, will have sharpened. If the stocks are liquidated gradually, however, assiming there is no new agreement by September, the effect on the world price need not be as had as feared.

Eventually, Ghana will have to diversify its economy away from

to diversify its economy away from over-dependence on cocoa and into food crops but, in the short-term, its performance is crucial to the country's balance of payments position. Provided the present confidence can be maintained, the prospects look encouraging, with production of about 300,000 tonnes a year forecast for the end of the decade even on the basis of



Shocks on pay front

Gold

iy May 20 19a

STEPHANIE GRAY

THERE CAN be no mistaking Obuasi, 165 miles north-west of Accra, as anything other than e company mining town.
It sits right on top of the ancient Ashanti goldfield, its shafts stretching almost a mile

underground.
Just past the Silence Hotel down e street dotted with tiny dark bars, men huddled oround a radio for the lotto results. At the company club, expatriate managers nursed whiskies at the bar while the workers lounged on the wide verandah with their beer.

There was little hint of the tension that had erupted in an ostensibly spontaneous 10-day strike two weeks before. The stoppage resulted in sharp wage rises to restore differenwage rises to restore differentials that 13,000 Asbanti Gold-fields employees traditionally enjoy over most of Ghana's other workers and followed a 28 per cent increase in the num wage.

The rise brought the basic rate for an underground miner to only 149 cedi a day, little more than £1. It was nevertheless a shock for the company, 45 per cent owned by Lonrho of the UK and 55 per cent by the Ghana Covernment, which had thought that all the bad times were behind them.

After more than a decade of

decline in the entire industry, the economy's major mainstay after cocoa, millions of dollars are being pumped into both Ashanti Goldfielda and the State Gold Mining Corporation

Ashanti (AGS), which accounts for 85 per cent of total gold production—last year it earned \$105m, about 14 per cent of total foreign exchange earnings—embarked on a five-year recovery programme last October which is expected to increase output by 50 per cent

The International Finance Corporation, the commercial loan affiliate of the World Bank, has put up loans of \$55m to co-finance the \$158m shaftsinking and re-equipment pro-ject which includes upgrading the present treatment plant and the introduction of a carbonin-pulp treatment for millions of tons of tailings that have built up around the mine over the hundred years of its exist-

Having been starved of

foreign exchange inputs for almost 20 years, partly because of the country's parlous econostate and partly because only 25 per cent of the com-pany's foreign exchange earn-ings were permitted to be retained in foreign accounts, the remote mine had to become

largely self-sufficient. The latest technology in raise borers, bowever, was not something that could be knocked up in the company foundry and the introduction of the new machinery, locomotives, trucks, tipping cylinders and spare parts is expected to im-

spare parts is expected to improve gold production this year to 282,100 fine ounces against 264,345 fina ounces in 1985.

The target is a long way off the 709,000 ounces produced in 1974 but with an average yield of nine pennyweight (dwt) per tonne of ore, there is no obvious reason why the 400,000 mark should not be reached by the should not be reached by the end of the decade. The mine's proven reserves still stand at about 10m ounces.

Mr Bill Hussey, the general mines manager et Obuasi, esti-mates that two new raise borers will enoble 30 feet of shaft sinkper shift against 30 feet a month using the traditional and highly dangerous methods of boring and blasting.

Most of the new production

will come from the partially completed George Cappendall shaft and the New Justice Shaft, but the carbon-in-pulp method, yielding perhaps only 2 dwt a tonnes, could add 30,000 ounces

e year to the total.

The programme is more than a year behind achedule, largely due to delays in introducing legislation to assure the 45 per cent foreign exchange retention arrangement for AGC and a 35 per cent retention for SGMC. It is nevertheless under way, which is more than can be said for e five-year development plan to resuscitate the state-owned

sector of the industry. SGMC owns working mines of Tarkwa, Prestea and Dunkwa as well as a closed mine at

Konongo. The state mines are in much worse shape than any at AGC to the extent that the 9,000 miners do not even have adequate boots.

International Development Association soft loan of \$30m is aimed at turning the operation around an increasing output from the meagre 30,000 ounces or so a year over the past few years. Even as late as 1980. SGMC was producing as much as 110,000 ounces.

of the \$30m, \$8m has gone towards a \$13m management contract awarded to Canada-Ghana Mining, a consortium made up of Cominco, Noranda and SNC of Canada. Renegotiation of the contract, which was originally set to cost a prohibitive \$30m, was the major cause of the delay.

The company has now been

The company has now been evaluating the task for almost six months and there is barely disguised annoyance at SGMCo bead office in Accra at the lack, so far, of any concrete pro-

The job, however, is an awesome one and mining experts believe it could take e year to draw up a work schedule.

The mines have been working at very low levels of performance due to lack of drilling equipment steel explosives in-

equipment, steel, explosives, in-adequate ventilation systems and absence of maintenance over the past few years. The company also ran out of money to pay its expatriate workers.

As a result, SGMC's 51,000-oz
target for 1986 looks hopelessly

State Gold Mining bas, mean-while, sub-contracted its dredg-ing operation at Dunkwa to Osborne and Chappell (OCI) of Malaysia, the Canadians bav-ing no expertise in other than deep mining, and a joint venture with Northern Queensland (Europe) la close to completinn for restarting open-pit mining at Konongo.

Overall, though, the sold mining industry's prospects look substantially more encouraging than they have for many years.

Gold production (1981 - 85)

	1980	1981	1982	1983	1984	1985
ANDIABO				la e		
Goldfields Corp.	232,000	259,739	262,160	216,403	249,108	264,345
State Gold						
Mines Corp.	110,152	81,261	68,356	60,114	37,785	35,018
Total	342,152	341.000	336 516	276 517	286,888	299.363

REVENUE US\$m 190.1 158.5 122.0 Source: Ministry of Lands and Natural Resources 114.0 103.0 105.0

Soap output under fire

Palm Oil

STEPHANSE GRAY

been feeling the beat in Ghana recently would be an under-statement. In the past month or so the company's dispute with the Government has turoed olmost feverish with public attacks by ministers and newspaper headlines claiming attempted "economic sabo-

Tha cause of all the brouhaha is a palm oil crop said to be as high as 80,000 tonnes. Predictions for this year's harvest were only 50,000 tonnes, and all parties were taken completely by surprise. Of this total, Lever Bros, the biggest soap manufacturer in the country, will be able to buy only 11,400 tonnes this year.

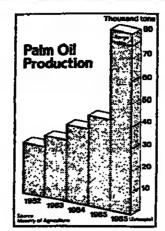
The total national requirement is about 39,000 tonnes (it would be bigher if Ghana bad refining capabilities), leaving a aurplus of 38,000 that is choking the country's mills. Lever Bros has been keeping a discreet public silence over the affair, but its irony is not lost on Mr Alex Davy, the manager of the company's operations at Tema, near

His would have given just about anything to have a problem like this one, baving suffered years of shortages of the crucial acap

and margarine ingredient Problem it is, however, and not just for Lever Bros which has sought, and been refused, amport licences worth \$200,000 that It says it needs for inputs to process the 20,000 tonnes the Ghana Government expected

it to buy this year.

Ten years ago, this sort of difficulty would have seemed



portant export carner before giving way to cocoa.

According to Dr I. K. Adjei Maafo, the Secretary for Agriculture, this year's bumper barvest is the result of a major rehabilitation programme embarked upon in 1979 under the World Food Programme's foodfor-work scheme. It is difficult to estimale the

total acreage of palm oil plao-tations because a great deal of it has taken place on an ad hoc basis. Hence the surprise at the apparently immense harvest.
Dr Adjei Mazfo believes Ghana could use 90,000 tonnes if it had a refinery. At present, the country imports edible oils, though most of the population is more than content with the beavy red crude that is all im-portant for the local cuisine much of it processed by hand.

Increase unlikely

The big market remains in soaps where Lever Bros is paramount with 50 per cent. The company sold 48,000 tonnes of soap in Ghana last year and could sell very much more. A small box of washing powder still costs C100 (\$1.10)—the equivalent of a day's work.

Without the foreign exchange for imported chemicals, bow-ever, an imminent increase in soap production is unlikely.

Gbana could. of course, export the surplus. The Govern-ment bas received telexes from potential foreign buyers but the argument against such exports —that bas not been explained to the farmers—is that the prodnct is not competitive on the world market because of the overvalued exchange rate that remains, despite nine devaluations of the cedi since 1983. Ghana's inebility to cope with

inconceivable. The oil palm secthe surplus may be e disincentor was in a state of steep tive to farmers for years to decline, producing on average come, especially in the likely decline, producing on average about 20,000 tonnes a year.

At the turn of the century, palm oil was Ghana's most im-

Growing pains ahead

Timber

STEPHANIE GRAY

AT ONE time, more than 35,000 square miles of Ghana's territory was covered with timber that supported a cultured rain-

The exotic Ashante estab-lished an intricate culture ond trade network and its becutiful gold jewellery and symbols of office are now dispersed to the world's museums.

Ashante dominance in the country is still marked but its environment has suffered badly as a result of widespread slash and burn farming—anathema to a rain forest farmer leading to deserts in the north and widespread soil erosion elsewhere.

There remains, however, according to the Government and multilateral donors, poten tial for properly managed timber exploitation and the aector is regarded as one that could, like cocoa, provide a quick boost to exports in e year when debt servicing is expected to eat up 60 per cent of the country's foreign exchange earnings.

Like most areas of the Chanaian economy, forestry has declined significantly over the past 10 years. Smuggling, deteriorating port facilines, transport bottlenecks—especi-ally the rallways—and shortages of imported equipment and spare parts have all contributed to the downturn.

The extensive state element in the forestry business bas also been plagued by poor manage-ment and organisation, some of it brought about by severe budgetary constraints. In 1980, for instance, the Forestry Department had two Land Rovers patrolling the entire

The public sector Literest consists of the Forestry Departconsists of the Forestry Depart- There is still, though, very ment, the Ministry of Lands little value added. Only timber and Resources, the Timber Export Development Board (the reconstituted Marketing Board) and four of the 14 mills. Some 17 companies operate in the private sector which supplies 60 per cent or more of Ghana's timber exports, along with an estimated 300 small loggers. In 1984, the Government invested large sums of money

of CS5m and a further future as a timber producer— by the ubiquitous World not to mention food and other crops—a large reafforestation

The cash Injection did not bring about as quick a recovery as had been hoped. From a low point in 1982 of exports worth only \$12.3m, 1984 saw a figure

off \$20m and \$30m last year—
almost 4 per cent of total
foreign exchange earnings.

Mr Kwesi Renner, the Secretary of Lands and Resources,
4s hopeful that this year's \$60m mark but this is likely to replanted each year.

e over-optimistic. Foreign experts believe, however, that if the Govero-

In the 1970s, about 11,000 bectares a year was put down in replanting. Now, through financial constraints that pertain throughout the public sector, only 4,000 hectares are

undertaken.

Some experts believe that the priority is rather the regulated harvesting of timber in the

programme will need to be

The Government pays frequent lip service to the prob-

lem but very little bas been

Exports of Timber Broducts

	1980	1981	1982	1983	1984	198
1. LOGS Volume ('000m³) Vaine (\$m)	104.0 12.4	54.2 4.4	53.2 3.5	61.6 4.3		150.0 10.5
2. LUMBER Volume ('000m³) Value (\$m)	69.4 23.2	52.8 12.0		42.5 7.8		83.4 15.2
3. OTHERS Volume ('000m ³) Value (\$m)	12.4 5.6	10.6 4.0	7.4 2.1	1L0 2.7	10.0 2.9	4.
TOTAL EXPORTS (\$m)	41.2	20.4	12.3	14.8	20.0	30.

ment's reform programme bolds over the next 18 months, the effects of the investment might matural regeneration.

well double exports.
One of the main incentives to the timber companies has been their ability to retain 20 per cent of their foreign exchange earnings to pay for desperately needed imports of equipment.

has improved Transport sharply with the rehabilitation of the Western Railway, although there is still heavy congestion at Takoradi, the main export port, and at Tema. exacerbated by the improved railway and a surprisingly quick evacuation by road of the main cocoa crop.

species that are regarded as endangered are required to be processed in Gbana before

export. Local craftsmen excellent furniture and several companies are producing knocked down furniture for export. Much more, though, could be made of this trade,

If conservation is aeriously eddressed, management needs c able strengthening and lack of

transport remains a major problem. Each of Ghana's 10 regions now has a Land Rover but staff in the 44 forest districts have no vehicle what-A good deal of illegal felling still goes on and in many parts of the country—especially near the Ivory Coast border in the Western Region, large swathes

bave been carved out for cocoa planting. Elsewhere, cocoa farms have been ruined by timber felling operations and, all in all, the two agricultural areas upon which rest the country's shortterm export bopes, are compet-

ing for space. Many Chanaians question the emphasis placed on timber exports. The food shortages of 1982-83 are not easily forgotten. Deforestation was often put np by the Government as a cause of the drought. The problem is, in forestry in an effort to turn the sector around. This was augmented by a British credit of £7m, a Canadian Government and logs. If the country's or the drought The problem is, of course, most acute in the meantime, most of the exports are made up of lumber scorched Sahel bas started or £7m, a Canadian Government

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Dr Botchwey, Secretary of Finance, talks about the Economic Recovery Programme

Warning over income levels

Ghana's Secretary (Minister) for Finance, has only the highest possible praise from donors for his management of the country's Economic Re-covery Programme (ERP), of which he is the chief architect. He replies here to a wider ranging series of questions from PATTI WALDMEIR in Accra: Question: The first three-year phase of the Government's economic recovery programme has heen widely welcomed in the West, but the Ghanaian Union Movement has criticised the hardships imposed by the programme. How do you reply to such criticisms?

Through resources that were made available to this country from bilateral and multilateral sources, and also from incre-mental output, the improve-ments we saw in 1983, 1984, 1985 were not all simply due to God's rain. You can see the effects on the resources delivery of inputs and so on, in all the

These are not things to take for granted. That is not to say ERP 1 had no problems. We decided to do ERP II (the second phase) to consolidate the gains of ERP I and to address in parlicular the man-agement and imolementation problems of ERP I in the realm

Q - Negolialions belween your Government and the International Monetary Fund (IMF) for an SDR 275m three-Fund year loan are said to be stalled over the issue of larger than expected public sector pay rises announced in January, Are you under pressure from the fund to roll back part of the increases?

A — It is not a question of the fund pushing us. It is our own wages and incomes policy, and our own objectives for investment growth and inflation, which are in question. The excess in the wages bill is inconsistent with ERP II, which is investment-orientated. These increases are consumption-We want to hring the level of incomes to a level consistent

70 per cent increase. The priv-

ate sector, faced with the threat of industrial action un-

less it too followed suit, agreed similar large rises which local

businessmen say could lead to

causing total confusion in both
the public and private sector—
the Government attempted to
solve the problem by sholishing
one of the 100 or so non-taxable

allowances which Ghanaian workers now enjoy. The move was met by the threat of a general strike and the Govern-

ment backed down and rein-

The issue remains in need of urgent resolution, bowever. Negonations with the IMF for an SDR 275m (£191m) three-

year loan are stalled because of it, while the prospect of large repayments to the fund beginning next year make it imperative that a new DMF programme be agreed soon.

The Government's decision last month to impose a 25 per cent pay cut on civil servants (the rest of the public sector

(the rest of the public sector will see pay cuts this month), may allow progress with the fund. But in the present industrial climate in the country, it is a course fraught with conaiderable political risk.

The public nuttry over the wages issue has clearly caught the Government and most donors by surprise, and confidence in the future of the reform programme which was

reform programme, which was running high after an im-mensely successful donor con-ference in Paris lasl November,

Political analysts within and

outside the Government see it

as a symptom of a deepening political crisis in the country.
Ordinary Chanaians openly criticise the lack of any demo-

cratic avenue to voice dissent, and press criticism of the regime has been muzzled. Two

opposition newspapers were re-

cently forced to close and a number of journalists detained.

stated the allowance.

finally agree is a little higher than what would he strictly consistent with our objectives, then we shall have to look at compensatory measures to be taken in the area of external

medium-term programmethe IMF?

A.—With the kind of repurchases trepayments to the IMF) which are staring us in the face, frankly 1 don't see how we can manage without a medium-term programme. At least that would ensure that there would he only a very minimal net outflow to the fund.

done and for sustaining the momentum of growth.

Q—Your Government has been accused of a waning of resolve over the wages issue. How do you respond?

A-The problem is not really a waning of resolve. think that all these problems can be solved. The problem now is the enormous amount of technical data preparation which needs to be done before the fund returns in early June. I have no doubt that if we can complete all this work in time, we can conclude the negotia-tions when they come.

Q—You have also been coused of betraying the betraying accused interests of Ghanaian workers, especially by attempting to roll ick some of the recent wage increases.

A—The biggest betrayal of

working people would be to jettison the medium-term pro-Q - Your Government's indecisiveness in bandling the wages issue has led some

observers to speculate that the recovery effort is running out of steam. How would you reply?

A—You may witness a fluctuation of political resolve, this is only normal in these circumstances. But the bottom line is we want to carry on. I can assure you that Ghana is not going to slide back. Staying on track won't be easy but the cost of not staying on track will be prohibitive and certainly much greater than the cost of prohibitive

Unbappy murmurs continue to surface, as well, from the mili-

tary barracks, although the

Government's security apparatus is said to he formidably efficient, and the numerous counter-coup bids which have threatened Flight Lt Rawlings his 41 nears in mover

Even those who express

media-and the occasional

anti-British demonstration (a rock heaved by a demonstrator

landed on the desk of the British High Commissioner in

Accra lasi month, and a police-man was killed during a pro-test against the American raid on Libya)—Western donors have clearly found a govern-

ment they can live with in Accra. Provided, of course, that Chana continues to tread the capitalist path to prosperity.

Government ufficials are at pains to stress that even left-

wing ideologues in the Govern-ment remain convinced of the

wisdom of this approach for dealing with a crisis of such

magnitude. But government handling of the wages issue has clearly raised the question among donors of whether "adjustment fatigue" may not have set in, in the ranks of the quil service and as Christians.

civil service and at Christians-bong castle, the seat of the

ing over the wages issue appears to have caused donors

to temper somewhat their pre-vious fulsome praise of the Rawlings regime, and concern is now voiced frequently at the

unexpectedly slow pace of the recovery and the heavy burden

of external debt incurred to finance it. But donors and government officials alike con-tinue to see a bright future for

Gbana—a future which dld not appear to exist before Flight Lt

Rawlings took power.

The next few months are likely to prove a critical test

of government ability to live up to these predictions, and

could represent a major water-shed for a country which ought.

by all rights, to be one of the richest in Africa.

The PNDC'a apparent falter-

Government.

Adjustment fatigue

many redundancies.

Government officials say they made an arithmetical error in calculating the new rises, but threatened Flight Lt Rawlings during his 4½ years in power have all been successfully put down.

Even those who express

attempts to impose an arithmetical solution to erase the C4bn to C5hn excess have met with staunch union opposition. After issuing, and then withdrawing, five separate sets of guidelines on the increases—

Even those who express strong opposition in private say they would not wish to see a violent change of Government at this stage. And despite the almost daily attacks on the West in the state-controlled media—and the occasional

resource mobilisation. Q-Are you still seeking a medium-term programme with

ASK ANY long-term expatriate Answer: I have no doubt that A medlum-term programme this nation would have disinte-provides the best framework graled without ERP I (the for consolidating what we've

certain basic tips:
Check that the water runs:
Gone are the days when
business visitors to Accra's

But unless you choose your hotel carefully, you can still be about 30 per cent sure of the

capital, but is unlikely to open for about two years).

Far and away the best hotel in Accra is the North Ridge Hotel, 53 Examiantion Loop, North Ridge (telegrams to PO Box 1365, Accra, or telephone 275809). A single room costs C4,400 (US\$49), a double C5,400 (US\$77). The botel's 28 rooms are much in demand (staff and consultants from the World

block-booked by airline staff and seldom have any free The two main state-owned

hotels in Accra, which used to be the worst offenders as regards air conditioning and water, have improved consider-ably and now receive a luke-warm recommendation. In central Accra, the Ambassador

a privately-managed Chinese restaurant, the Rickshaw, which

Also remember that it is worth exploiting any husiness contact you may have in Accra to arrange accommodation in a company guest house. Many are charming old colonial structures and are well served by a steward who can provide meals and laundry facilities.

residential districts. Her el have included Chanzan k of state Jerry Rawlings, other members of life

now, but the "chep." is rice topped with a fiery sun and joints of a muscular for quite tasty Ghanalan chiefle it is a variant on the Employ fast food theme which could need make no spologies to a

Since before the Science Freeld War, portly Antine Lists front row left—(who sky) demurely that size is even. The

has been serving up these rice and stew into salar s

man leaves at her Che at Adabraka, one of the capital's central husiness

Rich and vibrant way of living

in Ghana: most will tell you that despite all its problems, the country will always rank as the pearl of the West African coast, a land of immense charm and friendliness and a rich and vibrant culture. Ask any shortterm visitor, and you get a less enthusiastic reply—but that could well depend on whether or not the visitor has followed

hotels could be 99 per cent sure that (a) none of the phones would work (b) the air conditioner would be festooned with cobwebs and enquiries about its functioning would draw hlank looks (c) a hucket would be provided for bathing, but might well not have been filled.

above. In the case of accom-modation, this means booking well in advance, as there has heen a sharp rise in the number of business visitors to Accra since 1984, and hotel capacity has not kept pace (a new Novotel is planned for the capital, but is unlikely to open

consultants from the World In Kumasi, Ghana's second food) to provide some local Bank, some 200 of whom visited city. try Auntie Rose's guest "chop."

Accra last year, invariably stay bouse (tell the taxi driver to at the North Ridge) and early follow the signs from the City you might wish to pay. a

booking is essential.

If you can't get in at NorthRidge, try the Marriot Hotel
(any taxi driver will know it).

Failing that you could
try the the Granada
Hotel, near the airport (tel.
775343), the Sundown Hotel
Templesi Lance (tel. 775416) or
the Sunrise Hotel. Eighth
Ave. Extension (tel. 222201)
but all three are normally
block-booked by airline staff

Hotel, Independence Ave. (tel. 664646) provides a single room for C2.475 (US\$28) and boasts

is among the best in town. The state-owned Continental Hotel, near the airport (tel. 775361) has singles for Cl.980 (US\$22). Another small private botel, the Penta, at Danquah Circle (tel. 774529), provides comfortable, if small rooms and very friendly service. Most hotels in the capital require payment in foreign exchange,

catering rest house. Don't pack the sardines:

When packing for your trip, ignore the advice of colleagues who may have last visited Accra in the late 1970s or early 1980s, le don't bring large quantities of timped sardines, loo roll and soap. It is no longer necessary to provision yourself like a white hunter setting out for three months in the bush.

Especially, skip the sardines.

There are a number of quite good restaurants in Accra, and successive devaluations of the CEDI have meant that it is no longer necessary to spend upwards of £10 for an omelette. Your best bet is a Chinese, Lebanese or Ghanaian meal, but if you must have European food, try the Pond, Chez Mamy, or the Fikador.

Watch out for the Fufu: It's probably wise to lay in a stock of Lomotil if you wish to sample street fare, but you will quite likely not need it. For those who appreciate a spicy meal, nothing can beat a Nkontomere stew with boiled plantain, or fufu (a combination of pounded plantain and Cassava is tastiest) and palm soup. You could start out by trying one of the Ghanaian dishes on the menus of most hotels—but that might put you nff West African food for life. Alternatively, and by far the

best option, would be to hope for an invitation from a Ghanaian colleague, or to persuade the steward at your guest bouse (who may prefer to show off his prowess at European food) to provide some local

take-away rice and stew. If you want to eat on the premises, the chips soil chops "chap bar, near the mental hospital, provides hygienic but quite authentic soups and stews and a stell of kelewele (spicy fried plantain) or fried yam with chill stoop is always readily available from roadside vendors. take away rice and stew.

If a calabash of sour, tends palm wine does not strike your fancy, crack an emerald green And the beer: bottle of Club nr Star beer, for my money the best lager in the world. By all means, have one at lunchtime—but don't expect for win any productivity prizes in the afternoon. Better still, marke a Club in the evening at the openair Tip Toe Gardens (Kwame Nkrumah Circle) which boasis live West African high life music most weekend nights, and is one of Acera's most palatable night spots.

Don't underestimate your tax

driver: A surprising number of Accrataxi and hire car drivers are retired civil servants or university lecturers. Many are superb conversationalists handle many useful errands like making airline bookings and delivering letters (white the Accra phone system has improved by leaps and bounds; it is still often easier to communicate by letter). Hire 8 car and driver from North Ridge botel, nr from the car park of the Ambassador Hotel, which seems to have the most accomplished drivers. Count on the car are the car accomplished drivers. Count on the car are the car ar spending about C4,000 (US45):

Patti Waldmein

A MEASURE TO ATTRACT CAPITAL AND STIMULATE DEVELOPMENT

INTRODUCTION

A new investment code, designed to attract private capital, both foreign and Ghanaian into viable projects in the priority sectors of the national economy and offering a wide range of incentives and guarantees to investors, published in Accra in July 1985, is now fully operative.

2. The code forms part of the on-going PNDC's economic recovery programme under which it regarded vital to encourage investment in the Ghanaian economy in order to make possible a speedier increase in production and productivity needed for national development. This, in turn, is expected to lead to the development of Ghana's immense natural resources in a manner conducive to the mutual benefit of investors and the nation, to promote effective employment and the acquisition of new skills and technology.

The new code applies to all areas of investments other than petroleum and mining which would be handled by the sector ministries following enactment of legislation of separate codes relating specifically to these two sectors.

4. INVESTMENTS CENTRE

The code provides for the establishment of the Ghana investments centre (GIC) responsible for the encouragement, promotion and co-ordination of investments in the Ghanaian economy. In line with the current trend in developing countries to establish a one-stop agency for investment approvals, the Chana investments centre has been empowered under the code to approve and issue establishment or manufacturing licence to enterprises involving:

(i) Foreign equity capital;

(ii) Technology transfer and/or

(iii) Enjoyment of benefit and incentives under the code

SOME OF THE SPECIFIC FUNCTIONS OF THE CENTRES INCLUDE THE FF:

To grant approvals for the establishment of enterprises as specified under the code:

To grant approvals for the establishment of enterprises as specified the code,
To grant incentives and benefits under the code;
To maintain liaison between investors and ministries, government departments, agencies, institutional lenders and other authorities concerned with investments;
To approve and keep record of all technology transfer agreements relating to investments

Of particular importance is GIC's role as a neutral and knowledgeable adviser and mediator in the creation of joint-ventures and other investment relationships between Ghanaian and foreign entrepreneurs to their mutual benefits. INCENTIVES PACKAGE

Ghana's investment incentives are specially designed to grant relief from taxation in various forms to investors. The incentives available under the code include:

Exemption from customs import duties on plant, machinery, equipment and accessories: Accelerated depreciation:

Investment allowance; Locational incentives in further form of tax relief.

In addition, special facilities granted include:

★ Guaranteed immigrant quota in respect of approved expatriate personnel;

Personal remittance quota for expatriate personnel;

Guaranteed transferability of profits, dividends and capital in the event of sale of liquidation of the approved enterprise;

Permission to operate an external account in which may be retained a portion of foreign

exchange earnings for use in acquiring spare parts and other inputs for the enterprise. INVESTMENT OPPORTUNITIES AND PRIORITY SECTORS OF INVESTMENTS Ghana's natural wealth: Ghana enjoys an abundance of natural wealth which offers tremendous

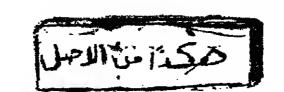
investment opportunities for the investor. These comprise minerals, such as gold, diamond, investment opportunities for the investor. These complete forest with a range of fine tropical hardwoods and a wide variety of agricultural products, especially cocoa, coffee, citrus fruits and

8. PRIORITY SECTORS

The declared priority sectors include the following:

The new code contains only one schedule which indicates activities reserves for Ghanaians. The new code contains only one schedule which indicates the simple technologies. Any These are mainly activities involving trading and/or the employment of simple technologies. Any activity not listed in the schedule is open to foreign participation.

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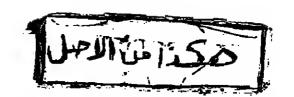
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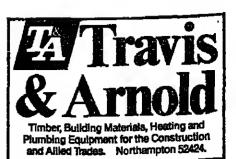




SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday May 20 1986



Gannett to pay \$300m for Bingham newspapers

BY PAUL TAYLOR IN NEW YORK

GANNETT, the fast-growing regional US newspaper publishing and broadcasting group, is to acquire the Louisville Courier-Journal and Times from the Bingham

Mashington Post and the Tribune family newspapers, we were for the two Kentucky newspapers, which have a combined daily circulation of 300,000 and a Sunday circulation of 300,000 and a Sunday circulation of 322,000. Together, the serve and enhance the tradition of source and public excellence and public

Mr Barry Bingham, the 80-yearold patriarch of the influential Bingham family and chairman of the family's publishing interests, put the titles up for sale earlier this year, citing e bitter family feud over control of the papers.

That decision prompted hitter public denunciation of his father by group's third major newspaper ac-Mr Barry Bingham Jr. editor and quisition in the past year, each won publisher of the papers, who resigned his posts but subsequently agreed to stay on until a purchaser and the Detroit News.

and see

Part Wat

two papers produce annual revenues of \$103m.
The deal brings Gannett's num-

ber of daily newspapers to 93, in-cluding USA Today, which together have a combined daily circulation of over 6m, ranking Gannett as the nation's largest newspaper group. The Louisville deal also marks the quisition in the past year, each won in a bid battle. Earlier, Gannett acquired the Des Moines Register

Mr Allen Neuharth, Gannett's The agreement represents another coup for Washington-based Gannett, which is thought to have beaten other bidders, including the

journalistic excellence and public service built by the Binghams over nearly three quarters of e century."

Commenting on the deal, Mr Bingham Sr said: "It is not easy for me to see the Courier-Journal and Louisville Times pass from my family into other hands. I have been personally associated with these newspapers for almost six decades. My father established a tradition when he bought the property in 1918. My son Barry has guided the papers on his own for the last 15 years, adding further values to the

family heritage."

The Biogham family is also seeking to sell its WHAS radio and tele-

4.6 per cent to \$5.21bn in the quar-ter ending April 30 from \$4.9bn e year ago. Mr Bernard Fauber, chairman, said: "K mart's record sales and earnings were achieved as a result of favourable consumer reaction to our new merchandising programmes and generally favour-able economic conditions." Los Angeles-based Carter Haw-ley Hale also reported record first-quarter sales and earnings. The

US stores

show good

gains in

quarter

By Our New Ynrk Staff

K MART, the second-largest US re-

the retail sector.

Michigan-based K mart said its

first-quarter earnings from continu-

ing retail operations bad increased

by 53 per cent to \$91.6m, or 70 cents

a share, up from \$59.9m in the year-ago quarter when a \$1.4m loss from

discontinued operations made final net earnings of \$58.5m, or 47 cents.

The substantial earnings came on

sales which grew by a more modest

group said net earnings for the quarter ended May 3 had grown by 26 per cent to \$14.6m, or 35 cents a share, from \$11.6m or 21 cents, in Excluding Holt Renfrew, the Ca-

nadian speciality store group which was sold in early April, sales for the first three months of fiscal 1986 increased by 3.7 per cent to \$867m from \$836m a year earlier. Including Holt Renfrew, sales increased by 1.8 per cent.

Montreal SE chief seeks new listings

MONTREAL Stock Exchange's Montreal

KONISHIROKU Photo Industry, in US photo processing, as on-the-the Japanese maker of Konica cam-spot minilab services have become

to some 28 per cent in 1982. Its move to 69 per cent control came in November 1984 when the Japanese company - also one of Fotomat's countries and thus offer an alterna-The latest move follows Konishir-oku'a acquisition in January of Roy-al Business Machines, office equip-Institutional investors are offered

ment marketing company. It was believed to have paid some \$80m for the purchase from Triumph Adler. Konishiroku, which also acts as Polaroid agent for Japan, ranks third in that country's photocopier market and second to Fuji in photo-

> NBD Bancorp of the US expects earnings for 1986 to exceed the \$117.99m, or \$4.80 a share, earned in 1985, writes AP-DJ from Detroit. Mr Charles Fisher, chairman, likely that the percentage gains for the year as a whole would metch the exceptionally strong compari-

the year-ago period.

In the first quarter the company

pare favourably with the \$30m, or The per-share figures reflect a two-for-one stock split paid in May 1985. INQUIRY SOUGHT INTO MISSING FUNDS

Tan runs into new row over MPH

TAN KOON SWAN, the beleaguer criminal charges of abetment to cri-ed Malaysian businessman and pol-minal breach of trust, fraud and itician, has become embroiled in another major controversy involving Multi-Purpose Holdings, the pub-licly listed Chinese investment Hale, the sixth-largest US re-tail store group, and Carter Hewley Hale, the sixth-largest US depart-ment store chain, both posted sharply higher first-quarter earn-ings-yesterday, continuing a strong earnings trend already apparent in the retail sector.

group which he once headed.
The latest problems centre on
MPH's reported massive pre-tax loss of 200m ringgit (\$78m) for 1985, and a sum of 43m ringgit alleged to be "missing" from the group's ac-

Mr Tan beaded MPH from its formation in 1975 until last year, when he left to contest the presidency of the Malaysian Chinese Associatio which he won after a protracted and bitter battle.

The MCA is the Chinese partner in the Malaysian coalition of Prime Minister Or Mahathir Mohammad. MPH is the MCA's investment arm although its control is now under Datuk Lee San Choon, a former MCA president himself, and not with Mr Tan.

Mr Tan is currently facing 15

BY OUR FINANCIAL STAFF

HEWLETT-PACKARD, the Califor-

nian electronics group, has reported

a slight dip in earnings during the second quarter ending on April 30. Net profits dropped to \$127m from

\$129m, or from 51 cents a share to 49 cents a share in the same period

a year ago.
Sales during the quarter, which
the company described as "a difficult business environment," rose to

Half-year net earnings totalled

\$236m, or 92 cents a share, against

\$245m, or 96 cents. Revenues

amounted to \$3,37bn against \$3.2bn.

biggest US producer of electronic

testing and measurement instru-

ments as well as a leading maker of

minicomputers, also announced an

Hewlett-Packard, which is the

\$1.77bn from \$1,67bn,

Hewlett-Packard

earnings ease

stockmarket manipulation in Singa-pore, arising from the collapse of Pan-Electric Industries, the marine

salvage, property and hotel group.
MPH officials say a sum of 20m
ringgit was taken out from MPH for investments in May last year, and another 23m ringgit was used in December as part of e S\$40m (US\$18m) interest-free loan exended by Mr Tan to Pan-Electric.

The loan was apparently part of a complicated deal under which Pan-Electric was to take over MPH's lossmaking shipping subsidiary, Prompt Shipping Lines, and MPH would get Pan-Electric's Orchard Hotel in Singapore.

The deal was eborted after Mr Tan was arrested and charged in

Mr Tan, currently on bail, has agreed to take responsibility for the 23m ringgit, and repaid the amount to MPH in two instalments early

increase in new orders to \$1.72bn

from \$1.63bn. Domestic orders were

international orders reflects the

dollar's weakness against major

foreign currencies. We are pleased

with the order rate, especially when compared with the low levels of last

summer, when currency uncertain-

fundamental strengthening of de-

mand in its main markets.

tional customers."

operative society, which owns 41 in recession. per cent of MPH.

The huge losses suffered by MPH and the fate of the 43m ringgit have created an uproar among the Malaysian Chinese community. Mr Lim

2.3m ringgit in 1984

The bulk of the loss was incurred by Prompt Shipping and the heavy 280m ringgit. The shares have drift-equipment division and includes e helty write-off of Prompt Shipping's 4.9 ringgit when it was listed in 1982

MPH purchased 88 per cent of since been the subject of controver- Bank and Magnum.

This was confirmed by Datuk sy, with shareholders questioning Oon Seng Lee, a senior MPH director and chairman of KSM, the cother shipping industry was already

MPH directors say they plan to ispose of the 3½ vessels of Prompt Shipping once there is a recovery in

the shipping industry.
Mr Tan's supporters say the con-Kit Sing, the opposition leader in troversy surrounding MPH's fi-Parliament, has called for a com-mission of inquiry into MPH's fi-and was designed to cause a rift between Mr Tan and MPH's board

Although MPH's 1985 accounts and to pressure bim to resign as are still being audited, company of-ficials acknowledge the losses would be in the region of 200m ring-git compared with a net profit of TSIm ringgit, tops the list of compagit compared with a net profit of ringgit, tops the list of compagit compared with a net profit of the Malaysian and Singa-rose exchanges. But it makes the same transmitted in the pore exchanges. But its market capitalisation is currently a little over

to a currect low of 35 cents. It controls a number of profitable Hong Kong incorporated Prompt Malaysian companies including Shipping in 1983, and the deal has Dunlop Estates, Malaysian French

Citic undertakes to guarantee loans made by Ka Wah Bank

BY DAVID DODWELL IN HONG KONG

CHINA International Trust and Investment Corporation (Citic), the Peking-linked financial group that Consolidated losses for Ka Wah agreed in January to rescue Ka
wh bank of Hong Kong, has undertaken to secure the collectability
of the bank's loan portfolio. Bad
and doubtful loans are thought to
amount to about HK\$600m

Consonnated losses for ka wan
for the 1985 financial year amount
ed to HK\$514m. This followed provisions for bad and doubtful debts
amounting to HK\$412m and a deficit of more than HK\$28m arising
from reveluation of property.

Citic will acquire a 91.5 per cent holding in Ka Wah, is in addition to the HK\$350m that Citic has agreed to inject into the bank as part of the

News of the deed may moderate criticism recently aimed at the Hong Kong Government over its

in UAE see

sharp losses

MOST FOREIGN banks operating

in the United Arab Emirates have

reported sharp declines in their 1965 balance sheet totals, AP-DJ reports from Abo Dhabi. Seven out of the 14 foreign banks

which have so far released annual

reports showed a net loss during

The largest losses were reported y Citibank at dirham 31.5m

(\$8.58m), Standard Chartered Bank,

dirham 14.6m and Lloyds Bank, dir-

Results of the Hong Kong-based British Bank of the Middle East

were among the strongest although

at dirham 54m the earnings repre-sented a 34 per cent drop from the previous year's level. Profits of the Barclays Bank operation slid 38 per

A regional recession and a shrinking business due to the dete-rioration of oil prices have squeezed

the UAE's 29 foreign banks and, to a lesser degree, the 19 local banks. Among the banks most badly hit

are the ones which not only restrict-

ed their business to the corporate sector but also selected a few of the

bigger trading houses as their sole

None of the 19 local banks reg-

Evergo to keep

property stake

EVERGO Industrial Enterprise, a

Hong Kong electronics maker, plans to retain its key stake in Chi-

lients, said one banker.

stered a loss.

cent to dirham 2.3m.

doubtful loans extended to borrowers in Malaysia. It has 25 branches in the territory and has since 1974 been controlled by the family of Mr Low Chung Song.

It is one of a number of small banks in Hong Kong that have been vulnerable since the collapse in decision to provide guarantees on 1983 of the Hang Lung bank. The Ka Wah's debts out of the secret ex-

BY GORDON CRAMB IN LONDON

eras and U-Bix copiers, is seeking

to take full control of Fotomat, the

loss-making US chain of photogra-

phic film processing outlets.
Fotomat, which for the last 18 months has operated as a 60 per cent subsidiary of Konishiroku, is

valued under the tender offer an-

nounced yesterday at just under \$41m. In early New York trading Fotomat shares jumped \$% to match the \$1% e share level of the

Losses at Fotomat have grown since 1982, to reach \$16m for its lat-

est year to January, while sales

have stagnated at around \$180m annually. The St Petersburg, Florida,

company has suffered from strong market and so challenges to its dominant position graphic film.

BY KENNETH MARSTON IN LONDON

CAMBIOR, Canada's new gold-oriented mining finance house with assets (excluding cash) worth about C\$170m (US\$123.5m), is expected next month to float 60 per cent of its equity in Canade and Europe. An offering of shares and war-

rants is expected to raise over

C\$125m. It will be handled outside

Canada by Shearson Lehman Brothers International and McLeod

Young Weir International, and list-ings will be sought on the Montreal

and Toronto stock exchanges.

As part of the Quebec Govern-

As part of the Quebec Govern-ment's privatisation programme, Cambior will hold the gold and oth-er mining assets of Soquem Crown. The major part of the issue pro-ceeds will be used to clear the lat-ter's debts, leaving about C\$30m working capital for Cambior.

mine finance house

for rest of Fotomat

Foreign banks | Konishiroku to bid

seas Trust Bank resulted in a dramatic turn for the worse in its for-

In exchange for its capital injec-tion - HK\$200m for ordinary shares HK\$150m for preference (US\$76.8m).

Ka Wah, one of Hong Kong's shares that will earn 10 per cent interest and can be redeemed between 1989 and 1996 - Citic gets 91.6 capital reconstruction under which officials have suggested that this could in due course be diluted to 75

per cent. Citic said yesterday that Ka Wah's banking activities would continue, with attention being focused on Hong Kong operations. The group will aim to boost Ka Wah's deposit base and improve its repu-tation in the interbank market.

more widespread.

Konishiroku acquired an initial 8

per cent stake in 1979, boosting this

biggest suppliers - assisted in a re-

Quebec. Currently an open-pit oper-ation which is due to go under-ground in 1987, it produced 170,000 oz of gold last year at a low cost of

US\$171 per oz and has ore reserves

of 10m tons containing 0.17 oz

Cambior will also share the niob-

ium-producing Niobec mine with

Teck and will handle the marketing

of its share in the output of both mines. Substantial investments will

be held in the gold-producing Sulli-

van Mines (32 per cent) and Aigue-

belle Resources (24 per cent), while other gold operations may be acquired.

(5.3 g) of gold per ton.

structuring of its debt.

By Our Montreal Corresponde

president, Mr Andre Saumier, and Mr Paul Billette, its international division director, are visiting European capitals this week, in a bid to get the stocks of several major Eu-

The Montreal market opened its international section last year by listing the stocks of Lyonnaise des Eaux, a French waste management and chemicals group with subsidiary operations in North America. The exchange aims to list those stocks that are not already listed in

New York or elsewhere in the US. It will accept the same disclosure tive to meeting US Securities and Exchange Commission requirements and US exchange listing

savings because trading is carried out by a computerised system, for which stock certificates or American depositary receipts are not needed. Most European trading floors are now changing to compu-terised recording systems.

forecasts improvement

son of the first quarter of 1986 with

posted net income of \$35.9m, or

ings in the second quarter to com-

NBD Bancorp

told the annual meeting it was un-

\$1.47 a share, compared with \$28.1m, or \$1.10. Mr Fisher said he expected earn-

\$1.19, earned a year earlier.

Flotation for Canadian Mining assets will include a half share, with Lac Minerals, in Cana-da's second-largest gold producer, the Doyon mine in north-western

Versatile reveals heavy 1985 losses

BY ROBERT GIBBENS IN MONTREAL

versatile, the vancouver-based and shipbuilding group, has reported major losses for all 1985 and the first quarter of cost. 9m (US\$44.5m) against a net profit of C\$9.1m, or 8 cents a share, 1986.

Uncertainty over the sale of its in 1984, on revenues of C\$640m against C\$630m. In the first quarter of the US had delayed Versatile's of this year, the loss was C\$17m earnings report for 1985 and its anagainst profit of C\$18,000 a year nual meeting normally held in earlier, on revenues of C5130m April. The company now says the against C5166m. These figures do proposed deal with Deere, the largen of reflect the sale of the tractor est farm tractor producer in the US, business.

VERSATTLE, the Vancouver-based is still subject to review by the US

models and bi-directional tractors, Quebec city and another in Mon-plus harvest equipment. It was one treal which now concentrates on of Versatile's most successful busi- ship repair. Its heavy engineering nesses until the past two years of operations in Montreal, once busy depression in the North American with nuclear components, are bavfarm industry. It also has a branch ing problems maintaining volume, operation in Australia. Deere want- with defence orders, mainly from ed to add the Versatile products to the US Navy, the only bright spot. its range and ntilise the Versatile dealer network. Versatile's other major problem der

Versatile's tractor division specialises in large, four-wheel-drive yards, one on the west coast, one in

Recently, however, the Quebec yard has received a major ferry or-

First Oklahoma gets one-month reprieve

scarcely changed at \$899m, but or-ders from foreign customers rose 12 per cent to \$825m during the quar-Mr John Young, president, com-mented that "the improvement in The bank holding company has

until June 18 to present the Govern-ment's Comptroller of the Currency with a plan to bring its capital up to more acceptable levels and satisfy bank regulators, In April, when the bank predicted

a \$45m first-quarter loss, regulators imposed a deadline for a capital-ralsing plan that expired last week.

an additional \$40m.

Mr Michael Regarder president of Signal Company of the c ties were causing substantial indecision on the part of our interna-First Oklahoma said it intended to He added, however, that the com ask for more time. pany remained cautious, seeing no

FIRST Oklahoma Bancorp, one of bank sources, said Mr James the south-west's troubled banking Cairns, chairman and chief execuinstitutions, has been given one tive. He dismissed reports that the month by US bank regulators to bank was negotiating a merger alcome up with a plan to raise at least though be did not rule out the pos-\$40m in new capital, writes AP-DJ sibility in the future. Instead, First from Oklahoma City. Oklahoma is raising cash in different ways.

> Later this week, the bank hopes to complete the \$70m sale of its commercial finance unity to Allied Signal, Proceeds from the sale will bolster First Oklahoma's capital reserves, but the company still oeeds

Mr Michael Regan, senior vicepresident of Signal Capital, the Allied Signal subsidiary into which the acquisition will be absorbed, said For now, First Oklahoma was the First Oklahoma husiness would sticking to its strategy of raising fit with Signal Capital's equipment-the funds from individuals and non-leasing and finance business.

I nis announcement appears as a matter of record onl



The Regional Municipality of **Ottawa-Carleton** (Canada)

Canadian \$40,000,000 9%% Debentures due May 15, 1998 Issue Price 100%%

and Canadian \$15,000,000 9%% Debentures due May 15, 2006 Issue Price 100½%

Wood Gundy Inc.

Banque Bruxelles Lambert S.A.

Great Pacific Capital S.A.

Lévesque, Beaubien Inc. **Morgan Guaranty Ltd**

Orion Royal Bank Limited

The Bank of Bermuda, Ltd.

Banque Nationale de Paris

PK Christiania Bank (UK) Ltd.

Sanwa International

Bank of Montreal

Banque Internationale à Luxembourg S.A.

IBJ International Limited **Merrill Lynch Capital Markets**

The Nikko Securities Co., (Europe) Ltd.

Société Générale

Dresdner Bank

Hill Samuel & Co.

Union Bank of Switzerland (Securities) Limited S. G. Warburg & Co. Ltd. Yasuda Trust Europe Limited

Bank Gutzwiller, Kurz, Bungener (Overseas)

Bank Leu International Ltd. The Bank of Nova Scotia Channel Islands Bankhaus Hermann Lampe Crédit Commercial de France Crédit Lyonnais

Crédit du Nord Dominion Securities Pitfield Hessische Landesbank First Chicago Generale Bank Kidder, Peabody International Kleinwort, Benson Sal. Oppenheim jr. & Cie. Norddeutsche Landesbank

Rabobank Nederland Schoeller & Co.

Richardson Greenshields of Canada (U.K.) Standard Chartered Merchant Bank

Sumitomo Trust International Westdeutsche Genossenschafts-Zentralbank e.G.

Vereins- und Westbank Yamaichi International (Europe)

McLeod Young Weir International

PaineWebber International

Toronto Dominion International Westfalenbank

nese Estates although its general offer for the property and investment company has lapsed, AP-DJ reports from Hong Kong. In a letter to shareholders of Chi-nese Estates, Mr Joseph Lau, Evergo's chairman, said Evergo now held about 43.5 per cent of Chinese Estates, acquired through a HK\$358m (US\$45.8m) takeover of

INTL. COMPANIES & FINANCE

Milan bourse still chasing paper

THERE IS both good news and bad news for the institutional investors, fund managers and stockbrokers who bave been irritated in recent months by the dreadful settlements delays on the Milan bourse. The good news is that a resolution of the problem is finally in sight: the bad news is that it will be autumn before share certificates and transaction payments begin to flow with anything like reasonable speed.

The settlements problem in Milan, where certificates may take several months to be trans-ferred from seller to buyer, has been worsening since last year. This is a direct result of the boom on the Italian stock market, which has seen trading volume rise dramatically in the past 18 months. Daily share trading this month is accorating trading this month is averaging around L366bn (\$243m). A year ago the average was a seventh of that in money terms.

The Milan bourse, despite a runaway buil market which has seen the main BCI share index seen the main BCI snare incex double since the start of this year, has an archaic and antiquated sbare clearing system. There is no modern or computerised system operating only a physical share delivery system which is near to choking point with the certificates piled up to the ceilings in the store rooms of some Milan banks. rooms of some Milan banks. A number of foreign investors, particularly stock-brokers rather than longer-term

fund managers, bave made lond protestations to the Italian authorities. Some have even suspended dealings with Italy for the time being Finally, however, the Consob stock market regulatory authority is promis-

Dr Giuseppe Zadra, second in command at Consob, said last week that he is confident that legislation designed to clear up the settlements problem "will foreign investors can plan on Swiss Bank Corporation Interbe passed by the beginning of the summer." This legislation, lays during the summer. But approved by the Senate last if all goes well then the settle-

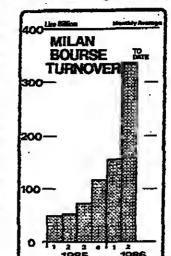
based share depositary called Monte Titoli (literally share mountain") to take control of

the situation.

Monte Titoli is equipped, computerised and ready, but it has been dormant without the authorising legislation and at present it holds less than 10 per cent of the shares in circulation

in Italy.

For reasons which he has not erplained and which are said to have been associated with his concern about tax evasion on the stock marke, Mr Bruno Visentini, the Finance Minister, has been blocking the Monte



Titoli legislation in the lower House for 10 months. The word from Consob and from Milan bankers is that Mr Visentini bas now dropped his reservations and the law may pass. That is the good news.

The bad news is that even if the legislation were passed next month it would still be autumn before progress is made. So

July, would empower a Milanments delays should be on based share depositary called their way to being cleared up by December or early next

Despite complaints about the delays from several prominent institutions in the City of Lon-

don and on Wall Street, it is by no means clear that foreign by fallen of has fallen cientificantly. Foreigners are effectively locked into the market, unable

to take out profits. A counter-argument is that overseas demand is locked out by the settlement problems and that when the backlog is cleared, the force of foreign buying willbe felt again strongly.

James Capel, the London stockbrokers and condain for much of the UK investment into bilan, did an abrupt him round recently by advising clients that it was temporarily withdrawing from the market and accepting no new business. The firm is adamant that it will not return to the Milan bourse until the settlement problems.

not return to the Milan boarse shifted intally. The market is until the settlement problems expensive a correction is over are solved.

Mr Roger Hornett of Capel, the Raisen government of the Milan market. The biggest American provinces of the Milan market. The biggest American provinces of the bourse and sees Market. Lynch. Salomon foreign investors offering Raisen. Brothers and Goldman Sachs.

few are willing to answer.

impact.

then we want to be continued to the continued of Switzerland Utilization manual fund is more demonstrate. Lave

Have then 100 companies are seeking a quotation on the Milds boutse, which at process lists 229 shares, storic exthange officials said yester-

for Eriste Panagani, pres-dont of the Mikin bearse operators said 162 companies had applied for or were in the protess of seeking a ligh-ing. He said 22 of the new applications were at present Being studied by the Consen.

shifted totally. The market is

virtues of the Milan market, remains convinced of the fundary positives of Milan have been mentals of the bourse and second mentals of the positive are all now hesitant to itself on a sound basis.

The optimism that Capal's source are dublous about exides is not mirrored every where. A technical correction can get the problems sorted out is felt overdue, but the when in time before international and the how much are questions support for Italian shares dries few are willing to answer.

Swiss investment in MDan has One US specialist described been steady in recent years but the reluctance be has in dealing has talled off as a result of the with Milan: "It is caveat settlement problems. Given empty written in very large that foreigners account for up letters. It is the only way of to 10 per cent of the entire dealing with these civil sermarket activity, the shift of vants who think they are stock-overseas funds could have a bours.

These port of an and the called an activity of the shift of vants who think they are stock-overseas funds could have a bours.

. "It can not go on indefinitely. when the crunch comes. I

Salomon Brothers International Limited

Salomon Brothers

International Limited

is pleased to announce that

they have been granted

permission by the

Bank of England to act as

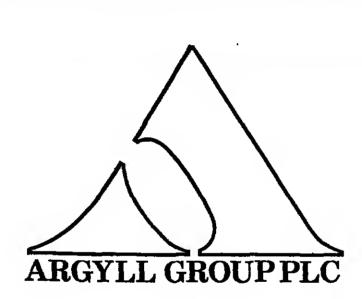
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Market Makers and Investment Bankers

Morgan House, 1 Angel Court, London EC2R 7HS Tel: 600-9171. Fax: 606-0494/726-2954. Tx: 886 441

This atmouncement appears as a matter of record only



£50,000,000

Sterling Commercial Paper Programme

Samuel Montagu & Co. Limited

has been appointed to act as Dealer in the above programme under which Argyll will issue as and when its requirements arise.

May 1986

1. 5 . 27 7 57 2.2

Conti-Gummi starts well with sales 19% ahead

CONTINENTAL Gummi-Werke, to DM 5 from DM 3 the West German tyre and rubber products manufacturer, says group earnings were significantly better for the first quarter this year.

Turnover rose 19.1 per cent to DM 1.12bn (\$507m) in the months. Adjusted for the acquisition of Semperit Tyre of Austria, in which the group took a 75 per cent stake last year, sales were little changed at DM 942m in splte of a weaker winter tyre market.

Conti-Gummi expects full cepacity utilisation this year and an increase in turnover of at least 3 per cent over the DM 5bn achieved in 1985, although it has proved difficult to push through price increases.

The good first quarter for profits follows a surprisingly good year in which group pre-tax earnings nearly doubled to company increased its dividend DM 254m in 1985.

This reflects not only the strong motor vehicles markets of 1985 but also a programme to rationalise production and extend its international base. Foreign sales bave climbed

from a third of turnover in 1979 to roughly half today, and Conti-Gummi claims an 18 per cent market share in Europe This makes it the number two tyre manufacturer in the region after Michelin of France.

Mr Helmut Werner, the managing director, said the benefits of co-operation with Semperit, and the integration of its tyre operations had exceeded expectations.

Conti-Gummi plans to continue a beavy investment pro-gramme this year — primarily directed towards the tyre operations with expected outlays in plact and equipment of some

in gross operating income to NKr 1.83bn. The figures exclude the group life business.

Profits on securities trading

amounted to only NKr 25.6m in

the period compared with NKr 57.5m a year earlier. Including life business, Vesta's

total assets at end-March amounted to NKr 21.9bn, up 35 per cent on end-March 1985.

Norwegian insurer falls into loss

THE WEAKER share market in despite an 8 per cent increase Norway contributed to a first quarter setback for Vesta, the country's second largest insurance concern, writes Fay Gjester

The group made an operating loss of NKr 1.1m (\$146,000) in the quarter, compared with an operating profit of NKr 53.7m in the same period of 1985,

Ciba-Geigy and Sofina enter lens venture

By John Wicks in Zurich

CIBA-GEIGY, the Swiss chemi-cals group, is to set up a foint yenture with Sofina, the Italian ture contact lenses.

The new venture is to take over the Sofina stake in Industrie Ottiche Riunite. The venture marks a further move by Ciba to expand in the contact-lens business. Last month it acquired the contact-lens operations of Falcon Phar-maceuticals, a US subsidiary of the Nestle group. Last Sep-tember it bought the contact-lens and lens-care operations of American Optical Corporation.

Ciba has also signed an agree-ment with Nikka Chemicals of Japan, covering industrial co operation in textile dyestuffs Initially, seven Ciba products will be marketed in Japan and five Nikka products in Europe.

Reisebuero Knoni, the Swiss travel agency, proposes to offer participation certificates to the general public. The company plans to create 60,000 non-voting shares, each with a nominal value of SFr 50, and will seek permission to issue a further 60,000 in the form of approved

Swissalr has a majority sharebolding in Reisebuero Kuoni. Other shareholders include the Kuoni-Hugentobler Foundation and Union Bank of Switzerland The board will also propose

an increase in dividend from 20 to 22 per cent for 1985. This follows an 11 per cent rise in turnover to SFr 1.4bn (\$761m) and net earnings up by cent to SFr 7.42m.

SANDVIK

USD 35,000,000 64/4% Convertible Bonds Due 15th March, 1988

Notice of Adjustment

Notice is hereby given to the holders of the abovementioned bonds that the Annual General Meeting of the Company, held-on 15th May, 1986, approved a resolution for a sub-division of the Company's A shares and B shares entailing a reduction in the nominal value of the shares from SEK 100 per share to SEK 25 per share and the issue to the holders of A shares and B shares, pro rata to their holdings, of new A and B shares free of payment by way of a bonus issue in the proportion of one new A share for every three A shares and one new B share for every three B shares held. Bonds in respect of which the conversion date fa after 21st March, 1986 will be dealt with in accordance with Condition 7(D) (iii) of the bonds until the day after the Record Date for the issue, the Record Date having been fixed by the Annual General Meeting of the Company to be 23rd June, 1986.

In consequence of the sub-division and the bonus issue, the conversion rate for the above-mentioned bonds will be adjusted to 126.6284 B shares per bond, effective as from 24th June, 1986, the first business day after the

20th May 1986

SANDVIK AKTIEBOLAG



May 20, 1986

Pearson Inc.

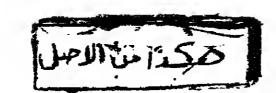
Guaranteed by

Pearson plc

Commercial Paper Program

The undersigned acted as financial advisor in establishing this Program and has been appointed Commercial Paper Dealer.

Salomon Brothers Inc.



INTL. COMPANIES & FINANCE

ANZ bank falls 7% at mid-year Dorbyl

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIA and New Zealand Banking Group turned in a 7 per cent drop in interim net earnings from an adjusted A\$1524m to A\$141.9m (US\$102.8m) for its March half year and has warned that the full-year total will be below its record A\$320m for 1984-85.

The result reflected increased doubtful debt provisions, in part linked to shipping loans extended by the group's Grindleys operation, which required a AS21m specific

charge against earnings. Despite these charges and A55.4m of start-up losses on the group's London merchant banking operation, the ANZ Holdings (UK) subsidiary, which now contains

Grindlays, increased its cootribu-tion by 28 per cent to A510.98m. The Australian trading bank operation - with profits down 20 per cent to A\$54.4m - was affected by a reductioo in interest margins, e squeeze on fee income, the cost of

recent spending on automation and a AS10.8m increase in specific doubtful debt charges.

Before tax, profits were 7 per ceot up at A\$283.4m. Tax was down 8 per ceot to A\$133.9m while minority interests were up 28 per cent to A\$7.6m, reflecting an improved per-formance for the 75 per cent owned New Zealand operation.

The interim dividend is maintained at 15 ceots a share on in-creased capital.

NOTICE OF REDEMPTION The City of Winnipeg

U.S. \$50,000,000 153/4% Debentures due June 30, 1988 Series UU

NOTICE IS HEREBY GIVEN that The City of Winnipeg intends to redeem ell of its outstending 15%% Debentures due 1988 (the "Dabentures") on June 30, 1986 (the "Rademption Data") at the redemption price of 101% of their principel amount (the "Redemption Price"). On June 30, 1986 the Redemption Price will become due end payable upon ell Debentures. After the Redemption Dete Interest on the Debentures will cease to accrue. Coupons due June 30, 1986 or prior thereto should be detached end presented for payment in the usual manner.

The Redemption Price on the Debentures shall be payable upon presentation and surrender thereol with all unmatured coupons at any one of the following agencies:

THE ROYAL BANK AND TRUST COMPANY 68 William Street New York, N.Y. 10005 (Principal Paying Agent)

THE ROYAL BANK OF CANADA 6 Lothbury London EC2R 7JY **SWISS BANK CORPORATION** Aeschenvoratadt 1 CH-40002, Basie

DEUTSCHE BANK AKTIENGESELLSCHAFT 10/14 Grosse Gallusstrasse D-6000 Frankfurt em Main

BANQUE GENERALE DU LUXEMBOURG 27 Avenua Monterey
Luxembourg

THE ROYAL BANK OF CANADA (FRANCE) S.A. 3 Rue Scribe 75009 Paris

Debentures should be surrendered with all coupons appertaining thereto maturing after the Redemption Date, feiling which the tace value of any missing unmatured coupon will be deducted from the sum due for payment. Any amount so deducted will be paid against surrender of the missing coupon within a period of 6 years from June 30, 1986.

Dated: May 20, 1986

THE CITY OF WINNIPEG

ahead in first half

DORBYL, the South African heavy engineeriog and metals group, suf-fered e drop in sales io the six months to March 31 1986 but in-

creased its interim profits. First half turnover dropped to R679.6m (\$201m) from R695.6m while operating profit before interest and tax rose to R28.7m from R24.4m. A lower interest bill helped raise the interim pre-tax profit to R16.8m from R5.4m. Mr Floors Kotzee, chairman, sai

that the difficult and erratic trading conditions of the past three years had continued during the last six mooths. He reported that sales to the motor industry had been affected by low demand for new vehicles Debt reduction remained man agement's priority. Mr Kotzee said

and he added that rationalisation of production facilities and produc

nes was cootinuing. First-half earnings increased to 32.8 cents a sbare from 6.0 cents, and the ioterim dividend has been raised to 13 cents from 13 cents.

Shortfall at Siam Cement

By Boonsong K'Thana

SIAM CEMENT, one of Thailand's largest industrial groups, saw coo solidated net profits fall 35.7 per ceot in the first quarter of 1986 to 207.21m baht (\$7.89m).

Sales dropped 7 per ceot to 3.32br baht while assets rose 17.8 per cent to 13.61bo baht. Earnings per share were 17.45 baht compared with 27.16 baht in the same corresponding period last year.



Chase Investment Bank

May 1986

Issuing and Paying Agent:

This announcement appears as a matter of record only

Chase AMP Capital Markets Limited

Chase Manhattan Limited

Chase Manhattan Limited

The Chase Manhattan Bank, N.A.

CHASE AMP BANK LIMITED

Euro-Commercial Paper Program



U.S. \$250,000,000

J. P. Morgan International Finance N.V.

Guaranteed Floating Rate Subordinated Notes Due 1997

For the three months 20 May, 1986 to 20 August, 1986 the Notes will carry an interest rate of 75/16 per cent. per annum.

Interest payable on the relevant interest payment date 20 August, 1986 against Coupon No. 17 will be U.S.\$186-88 By: CITIBANK, N.A., London

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BANQUE INDOSUEZ US\$200,000,000 Floating Rate Notes Due 1997

For the three months 19th May, 1986 to 19th August, 1986 the Notes will carry an interest rate

of 75/16% per annum and coupon amount of US\$186.88 per US\$10,000 note, and US\$4,671.88 per US\$250,000 note Listed on the Luxembourg Stock Exchange by

Bankers Trust Company, London

BFCE'S results in 1985

I he Board of Directors of the BFCE met on March 19, 1986, under the Chairmanship of Michel FREYCHE, to close the accounts for the financial year ending on December 31, 1985.

Export credit outstanding decreased

The abatement noted over the past three years in large-scale contracts signed with developing countries has resulted for the first time this year in a decrease from FRF. 160 billion to 139.8 billion in export credit recorded on the asset side of the balance sheet.

While long-term loans increased by another 9.9 billion, medium-term refinancing declined by 9.6 billion. Short-term loans outstanding dropped by 20.5 billion, as companies availed themselves of prevailing market conditions rather than this form of subsi-

Stabilization of banking activity

In an environment characterized by a fall in credit demand, occurring in conjunction with an improvement in companies' cash flow and the diversification of their sources of financing, loans to French and fo-reign companies leveled off at a total of 35.4 billion. In foreign currency, the franc equivalent of outstandings reveals a substantial drop (down 20%), linked to the depreciation of the U.S. dollar.

Interbank and treasury operations (56.8 billion) increased by 2.2 billion, indicating a sharp upward trend in franc operations, while the countervalue in francs of foreign currency transactions was reduced, once again in connection with depreciation of the U.S. dollar.

Slight decrease in total balance sheet but increase in net results.

The balance sheet amounted to 262 billion, as against 288 billion. The percentage represented by export credit, short, medium and long-term, was reduced from 59 % to 55 %.

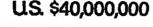
Net operating income amounted to 1,757 million and was chiefly allocated to credit-risk provision established at 444 million, after deduction of overhead, the increase of which was kept down to 3.5 % this year. Provision for sovereign risk matches the level generally found in French banks, while "specific customer risk" is now covered up to 68 %, as against 63 % in 1984.

After allocation of provision for corporate income tax, the 1985 financial year ended with a profit of 60.2 million, up 5.8 % over the previous year.

Shareholders' equity increased

Shareholders' equity and long-term resources reached a total of 5.8 billion, after a capital increase from 660 million to I billion through a cash contribution and the issuing of participating securities worth 700 million. Our cover of risks has thus been considerably increased, well exceeding both present requirements and the objectives laid down by the monetary authorities in this respect.

The annual Report from which the above figures have been extracted may be obtained from the "Departement Études et Communication", Banque Française du Commerce Extérieur, 21, bd Haussmann - 75009 Paris - France.





Banamex

Banco Nacional de México, S.R.

Floating Rate Capital Notes Due 1987

Interest Rate

77/16% per annum

Interest Period

20th May 1986 20th November 1986

Interest Amount per U.S. \$1,000 Note due

20th November 1986 U.S. \$38.01

Agent Bank

U.S.\$50,000,000

EUROPEAN ASIAN CAPITAL B.V. (incorporated with limited liability in the Netherlands)

Guaranteed Floating Rate Notes Due 1992



EUROPEAN ASIAN BANK

Aktiongesellschaft (incorporated with limited liability in the Federal Republic of Germany)

F., d.s str. abords,
19th May, 1986 to 19th November, 1986
the Notes will carry an interest rate of
746% per annum with a Coupon Amount
of U.S.\$367.36 per U.S.\$10,000 Note, payable on 19th November, 1986.

Agent Bank

U.S.\$15,000,000 THE FUJIKURA CABLE WORKS, LTD (Fujikure Densen Kebushiki Kaishe) (Incorporated with limited liability in Jepan) **GUARANTEED FLOATING RATE NOTES DUE 1987**



unconditionelly end irrevocably guaranteed es to payment of principal and interest by THE MITSUI BANK, LIMITED (Kebuehiki Kaieha Mitsui Ginko)
(Incorporated with limited liability in Jepan)

In eccordance with the provisions of the Notes end Agent Bank Agreement between The Fujikura Cable Works, Ltd., The Mitsui Benk, Limited end Citibenk, N.A. dated May 7, 1980, notice is hereby given thet the Rete of Interest hes been fixed et 7½% pe and thet the interest peyebla on the relevent Interest Peyment Data, Novamber 20, 1986, against Coupon No. 13 in respect of US\$5,000 nominal amount of the Notes will be US\$188.47.

May 20, 1986 London By: Citibenk, N.A. (CSSI Dept I, Agent Bank CITIBANC

KLEINWORT BENSON FINANCE B.V.

US \$50 million **Guaranteed Floating Rate Notes 1991**

unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by

KLEINWORT, BENSON, LONSDALE plc

For the three months 20th May 1986 to 20th August 1986, the Notes will carry a Rate of Interest of 7% per cent. per annum with a Coupon Amount of US\$94-24

CHEMICAL BANK INTERNATIONAL LIMITED

US. \$100,000,000

Taiyo Kobe Finance Hongkong Limited

Guaranteed Floating Rate Notes Due 2004



Guaranteed as to payment of principal and interest by

The Taiyo Kobe Bank, Limited

Interest Rate

Interest Period

73/16% per annum 20th May 1986

20th November 1986 Interest Amount per

U.S. \$10,000 Note due U.S. \$367,36

Credit Suisse First Boston Limited

Agent Bank

US. \$100,000,000



Allied Irish Banks plc

Undated Floating Rate Notes Subordinated as to payment of principal and interest

Interest Rate

Interest Period

73/8% per annum 20th May 1986 20th November 1986

Interest Amount per U.S. \$10,000 Note due

20th November 1986 U.S. \$376.94

Credit Suisse First Boston Limited

Agent Bank



IDB INTERNATIONAL N.V. U.S.\$50,000,000

Guaranteed Floating Rate Notes 1987 anditionally and irrevocably guaranteed as to payment of principal and interest by ISRAEL DISCOUNT BANK LIMITED

For the six months
19th May, 1986 to 19th November, 1986
the Notes will carry an
interest rate of 71/4% per annum.
The relevant interest Payment Date will be
19th November, 1986.

Bankers Trust Company, London

Agent Bank

£100,000,000 Guaranteed Floating Rate Notes due 1991

Citicorp Overseas Finance Corporation N.V. Unconditionally guaranteed by CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 1036% and that the interest payable on the relevant Interest Payment Date, August 19, 1986, against Coupon No. 10 in respect of £50,000 nominal of the Notes will be £1,307.53 and in respect of £5,000 nominal of the Notes will be £130.75.

May 20, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANC

Latin America urged to reform markets

RADICAL REFORMS in Latin Morgan says. But they ore serve requirements on com-American domestic financial necessary because the time bas mercial banks. markets are needed if the reglon is to overcome its endemic problem of capital flight and harness the resources for financing renewed economic growth.

This is stated by Morgan held back economic advance. Guaraoty the influential US bank, in its latest review of world financial matters analysis attempts to address trialisation, "fostered as necestwo issues that have surfaced as sary by protection and subsidies," was the only means to dies," was the only means to debt crisis in recent months.

The first is the failure — worryboth to increasing public sector
ing to debtors as well as lenders

of domestic investment to reof domestic investment to recover after the recession of the early 1980s. The second is the more cautious debate over the nature of the structural reforms debtors will bave to implement

easy because they undercut at below market interest rates.

vested political, business and Central banks are usually relabour interests which bave quired to purchase Treasury mushroomed uoder govern-ment protection and support," they in turn impose high re-

come to reverse Latin America's long bistory of government manipulation of financial financial markets which has made them "shallow and inefficient" and

This tendency goes back to the 1940s and 1950s when Latin America decided that induscredit allocation process.

Morgan cites four main draw-backs to this approach. First, it encouraged the accumulation debtors will bave to implement to achieve the sort of growthorientated economic adjustment envisaged uoder the so-called Baker plan for easing the debt crisis.

In essence Morgan's conclusion is that simply cutting the public sector deficit is not enough. Debtors must also implement structural changes in their own financial markets. in their own financial markets with few exceptions, mainly that foster domestic savings. Brazil and Chile in recent reverse capital flight and allocate available resources more effectively.

"Such reforms are far from cing from the banking system quired to purchase Treasury obligations, and to fund this,

Since 1982, the bulk of deposits in Argentine banks has been reservable up to 100 per cent — offset in part by central bank rediscounts. Reserve requirements in Mexico have been falling, but they still average about 40 per cent of deposits. In Brazil the requirements bave been lower. Its more fortbright approach to budgetary financing has helped dovelop a capital market that is less distorted than in Argen-tina and Mexico."

Beyood their public sector burdens, financial markets in Latin America have also been distorted by credit allocation rules, Morgan says. This makes credit readily available to certain preferred institutions or category of borrower, and leaves commercial banks with only limited resources available for extending credit according to their own market preference. Since last year, for example, the freely lendable portion of new deposits in the Mexican banking system has fallen to a record low of 11 per cent as a result of reserve require-ments and credit allocation

Public ownership of the banking system is also used to promote credit allocation. In Argentina state, provincial and municipally-owned banks kets beyond the basic reach of account for 57 per cent of regulation, such as the inter-

deposits and loans in the bank- company markets in Argentina ing system. At the end of last and Mexico. year, the Brazilian govern-ment's share of bank deposits was 68 per cent and of loans 57 per cent, The Mexican government owns an impressive list of eight development banks, over 30 trust funds and. since their nationalisation in September 1982, 19 out of 21 commercial banks.

Yet credit allocation has penalised entrepreneurs and created an entrenched class of favoured borrowers, typically a combination of large corporations, small-scale farmers in depressed areas and middle-class urban dwellers, who have grown used to obtaining longterm low-cost credit. "Their access to coocessional

financing has fostered capital-intensive investments, ofteo in labour-surplus regions and in activities that otherwise would employ lahour-intensive produc-tion metbods. It has also led to widespread abuse, exempli-fied by the use of low-cost farm credit for non-agricultural purposes."

Worse still, crenir allocation has undermined the soundness of financial iostitutions by requiring lending for long terms and at low interest rates to borrowers of inferior credit standing. It has fostered the development of financial mar-kets beyond the basic reach of

Finally, government manipu-

lation of joterest rates has dis-

couraged savers by offering them a offering real rate of return, particularly after tax which is generally deducted at source. The tax system also discourages business saving and promotes debt over equity financing unless inflation financing accounting is used to assess corporate tax liabilities. This was the case in Argentina until recently and still is so in Mexico. Io the absence of inflation accounting, a successful project brings inflated profits that are taxed if financed from retained earnings. Substantial tax credits may ensue if the project is financed with bor-

rowed funds, Morgan notes.

Morgan says there is a grow-ing recognition in Latin America that interest rates do matter, but liberalisetion of capital markets has been gene-rally insufficient or too short-lived to assure denositors of a lived to assure depositors of a steady, positive rate of return. Meanwhile "reliance on ad-ministered interest rates in the face of inflation, devaluation and taxation has obstructed financia

development in Latin America. It has reduced the pool of sav-ings channelled through financial intermediaries into domestic capital formation and economic growth, and bas encouraged the acquisition of better-yielding foreign assets — capital flight."

Overhang of unsold paper depresses Eurobond sector

Yesterday saw no new issues in borower's option after one year. the Eurobond market for the first time this year. Continental markets were closed for the Whitsun holiday, while many dealers have left for the Association of International Bond Dealers (AIBD) annual meeting this week in Singapore this week in Singapore.

Dealers say the most powerful reason for the absence of new issues is that houses are new issues is that houses are overloaded with unsold paper as liquidity in the primary market has dried up. Some admit they are not actively seeking mandates. The AIBD annual meeting week has in the past been a chance for the syndicate managers who stay at home to steal mandates while their counterparts at rival houses are away.

Morgan Guraanty, however, will today launch a 15-year floating rate note issue for Banco di Roma. Morgan said yesterday that the bond will pay interest at a margin over London to the bond will pay interest at a margin over London to the bond will be a second to the bond will b don interbank offered rate and that it will be callable at the

little demand, however, as its pricing was thought too tight. Its coupen was fixed at the mean bid and offer rates for six-mouth Eurodollar deposits

Bell Canada offshoot in equity flotation

borower's option after one year.

The floating-rate note sector
has been in a healthier state
than the fixed rate market recently at hypertons have the sector available at the moment. underwriters know they can only sell tightly-priced deals at a loss, Credito Italiano's \$100m than the fixed rate market recently as investors have seen underwriters know they can little near-term likelihood that only sell tightly-priced deals at interest rates will fall. Morgan a loss, Credito Italiano's \$100m. Guaranty's \$300m 12-year issue five-year 8 per cent bond. Italiano's \$100m 12-year issue five-year 8 per cent bond. I launched last week, was quoted launched last Friday, met with little demand, however, as its origing was thought too tight. Its coupen was fixed at the level of the total commissions.

mean bid and offer rates for mean bid and offer rates for dix-month Eurodollar deposits in London.

The land's bond was quoted yesterday by the lead manager at a bid price of 991 per cent, at which it was beld during syndleation last Friday. Elsewhere in the market it was quoted below this level.

Level of the total commissions.

Dealers said on Friday that to see few new issues this week.

Out of a scheduled DM 18.735hm.

Out of a scheduled DM 18.735hm. where in the market it was similar to that in the US dollar quoted below this level.

Another deal expected soon, DM 200m 10-year bond which this time in the fixed-rate sector, is a \$300m seven-year with a coupon of 5t per cent-bond for the Kingdom of Belieum Bankers Trust has been awarded the mandate but to a discount far outside its declined to say resterday total commissions. It was whether it would be issued this quoted on Friday at 934 bid.

Argyll and BET to issue sterling commercial paper

Goldman Sachs International Corp.

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Commerzbank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

Morgan Grenfell & Co. Limited

Nomura International Limited

Dai-Ichi Kangyo International Limited

Swiss Bank Corporation International Limited

Chase Investment Bank

BankAmerica Capital Markets Group

Union Bank of Switzerland (Securities) Limited

ARGYLL, the UK supermarkets day Argyli probably would not group, bas announced plans to be Issuing paper from the very

It has appointed Samuel Mon-tagu as sole dealer in a £50m offsbore vehicle. programme which will allow it to diversify its sources of short-term funds and attract a new investor base for its paper. Argyli is the latest in a series

ket where the first issue of paper is expected for today. The list of borrowers is however, still sbort on UK blue-chip companies many of which are wait- all its short-term UK borrow-

tap the oewly opened sterling start, but unlike some other commercial paper market.

Rritish companies it might com-British companies it might con-

> Late last night BET, the international services company, sald it would also be issuing sterling

BET said the planned pro-gramme was the first part of a ing to see how effective commercial paper is in reducing medium-term debt, it also plans their funding costs.

Samuel Montagu sald yester
Samuel Montagu sald yester-

Market-making rules set by Euronote Association

BY OUR EUROMARKETS CORRESPONDENT

will undertake to accept bids for any amount of paper up to \$5m in increments of \$1m under new rules agreed by the newly-formed Euronote Asso-

The rules, which bave been accepted by 19 out of the 41 members of the Association, Argyll is the latest in a series commercial paper under a members of the Association, of companies which hare made £150m facility for which Samuel are voluntary, but says Mr arrangements to tap this mar. Montagu will be the dealer. Kevin Regan of Merrill Lyncb BET said the planned pro-gramme was the first part of a major restructuring of its £300m debt and will be used to replace possible in because in the long run that is going to help us

registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

U.S. \$200,000,000

7%% Notes due May 15, 1993

Merrill Lynch Capital Markets

Bank of Tokyo International Limited

Citicorp Investment Bank Limited

Lloyds Merchant Bank Limited

Banque Paribas Capital Markets Limited

Deutsche Bank Capital Markets Limited

Dalwa Europe Limited

Banca Commerciale Italiana

Crédit Lyonnais

Morgan Guaranty Ltd

S. G. Warburg & Co. Ltd.

Société Générale

This announcement appears as a matter of record only. These Securities have not been

United Technologies Corporation

Salomon Brothers International Limited

Orion Royal Bank Limited

MARKET-MAKERS in Euro- help provide the assurance of notes and commercial paper trading liquidity The association was formed

at the behest of ISRO, the Inter-national Securities Regulatory Organisation which will cover the Euromarkets under the new regulatory structure of UK financial markets.

Its basic membership rules cover market making require-ments only in a general way, however, to conform with ISRO's main concern of investor protection. This has left the association free to develop a voluntary code of its own. Still to be decided at the

association's next meeting on June 3 is the minimum number of issues a dealer must quote to qualify as a market-maker.

New issue / May, 1986

AIBD system for reporting dealers starts in September

By Peter Montagnon, Euromarkets Correspondent

tary general.

Reporting dealers, who will

been in preparation for some time, are expected to be one of the talking points at the AIBO's annual meeting in Singapore later this week.

reporting dealers are now being invited to apply for this status by June 16. Among other things they will have undertake to: Make a continuous, two-

bonrs, starting at 08.20 and ending at 16.30 with a break between 12.00 and 14.00, though these times may be varied by agreement between individual reporting dealers.

MR ANDRE SAUMIER.
President of the Montreal
Exchange, and Mr Paul
Billette, its international division director, are visiting
London and other European
capitals this week, planning
to get the stocks of several
major European-based companies traded in Montreal.
Last year the ME began its

THE ASSOCIATION of Inter-national Bond Dealers (AIBD) has set September 1 for the launch of its new system of designated "reporting dealers," who are to be recognised market-makers in Individual securities, according to a circular sent to members at the weekend by Mr John Wolters, its secre-

bave to meet certain strict trading practice criteria, will be expected to disclose to the AIBD the prices at which deals are transacted. This is to conform with new UK regulations under which the AIBD wants to become a recognised investment ex-change. The new rules, which have

Uoder procedures agreed by the AIBD's committee of secondary market makers, firms that wish to become

way price for minimum round lots in at least 25 per cent of the securities in any one market sector to at least two-thirds of the members listed in the register of dealers. Reporting dealers will have to disclose each Friday a list of securities in which they will make two-way prices during the following

Report within 24 hours to the AIBD the minimum and maximum prices of inter-national securities in which transactions took place, whether they were with other reporting dealers, AIBD members or other parties.

• Report to the AIBD of the end of each business day the latest quoted price for each security in which a market is being made.

The circular also says that all trades between reporting dealers transacted through an inter-dealer broker shall be made on the basis of full dis-closure of the ultimate coanterparty.

It sets recognised trading

Montreal SE seeks business from Europe By Robert Gibbens in Montreal

panies traded in Montreal.

Last year the ME began its international section by listing the stocks of Lyonnaise des Eaux, a French waste management and chemicals group with subsidiary operations in North America.

The size is to list stocks. The aim is to list stocks not aiready listed in New York or elsewhere in the US. The ME will accept the same disclosure standards from companies as in their home countries and thus offer an alternative to meeting US requirements.

through a syndicate led by and retail space bought from Union Bank of Switzerland (Securities). Bell: Canada estate company. Enterprises will take up two-thirds of the total issue and through a syndicate led by the syn

BCE DEVELOPMENT Corporation, the real estate subsidiary of Bell Canada Enterprises, is launching equity issue which could double its equity base. Part will be syndi-cated internationally. thus maintain its 68 per cent stake in the company. The remainder will be sold in Canada through a group led brokers McCleod Young

The company is putting up for sale at least C\$300m. (US\$220m) of units comprising shares and warrants to buy shares. The company's equity is currently valued at C\$325m.

BCE Development will use

will be determined next week. Pricing, including commissions, the exercise premium on the warrants and the exact composition of units will be announced on June 3.

A presentation to potential shares. The company's equity is currently valued at C\$325m.

About C\$30m of this issue which it has bought this year.

Will be distributed in Europe These include office buildings Zurich later this week.

FT INTERNATIONAL BOND SERVICE

STEALERTS

Among Co. 94, 15

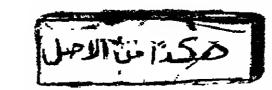
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Anternalia

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Betwer Ledske, 10 21 AS | 389 | 370 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120



A TOTAL CONTROL OF THE PROPERTY OF THE PROPERT

APPOINTMENTS

Senior NatWest European posts

of NATIONAL WESTMINSTER
BANK'S wholly-owned German
subsidiary Deutsche Westminster
Bank, Frankfurt/Main, and takes
over the chairmanship from Mr
Jeff Benson, who remains on the
board as deputy chairman. Mr
Benson is a deputy chairman of
NatWest. Dr Sippel was chairman of the management board
of Hessische Landesbank, Frankfurt, until his recent retirement.
Mr Robert Allemon has been
appointed deputy chief manager
for France with International
Westminster Bank hased in
Paris.

ADWEST GROUP has appointed Mr Gary Bach as managing director of Air-Log, part of the newly formed Adwest defence division.

GARTMORE INVESTMENT
MANAGEMENT is expanding
its international bond operation
through the appointment of Mr
John Presland as manager. He
was the editor of Euromoney
Currency Report.

CHEMOXY INTERNATIONAL has appointed Mr Ian Stark as a director.

ROBERT M. DOUGLAS HOLD-INGS has appointed Mr Lestle J. Holliday, recently chairman of John Laing, to its board as a non-executive director. He is also a non-executive director of Declan Kelly Holdings.

Mr A. J. (Teny) Lorenz, currently managing partner at EC1 Ventures, and formerly managing director of Equity Capital for Industry, has been appointed to the heard of DUBILIER as a non-executive director.

C. H. BEAZER (HOLDINGS)
has appointed Mr Robert David
Stephens as a main board director of Beazer Homes.

was the editor of Euromoney
Currency Report.

**MAPLES, WARING & GILLOW has appointed Mr Pat
Cunningham to associate direc.

**Mr F. W. Crowley and Mr
D. H. Cowie have been appointed divisional directors of BINNIE
AND PARTNERS, with respossibility for water trestment and UK projects respectively. Mr

tor development, responsible for concessions. He was managing RIBA INSURANCE, a company companies—one for pension director within the Selincourt set up to investigate the Group, and prior to that, operations director at Debenhams.

Cowie was formerly director of two trusts specialising in smaller companies—one for pension funds and the other for private investors. He joins from the British Rail Pension Fund, where

Mr Bernard Head has been appointed director of MARLEY FOAM, sod Mr Allstair Vearonelly becomes director and general manager of BRITISH MOULDEO FIBRE, both companies are subsidiaries of Marley.

Mr Mike Brighism has been appointed to the new post of manager, correspondent banklog and foreign trade at NATIONAL GIROBANK. He joined Girobank in 1984 as a sector consultant; prior to that he worked for Standard Chartered Bank.

Ashby & Horner director Mr Brian Coates has become presi-dent of THE BUILDERS' CON-FERENCE.

KIDDICRAFT has appointed Mr Bob Holls as financial director. He joins from a subsidiary of Hanson Trust.

COUNTY BANK UNIT

companies—ooe for pension funds and the other for private investors. He joins from the British Rail Peosico Fuod, where he was manager of the small

Mr Paol Buttrick has been appointed a director of WEST-MINSTER AND COUNTRY PROPERTIES. He is managing director of Westminster and Country Properties (Exeter).

Michaet formerly managing director of D. S. Crawford bakery divisioo. Edinburgh, has been appoloied director-geoeral of the FOOD AND DRINK FEDERATION from June 2.

Hr Roy Welshy has been appointed operations director of PLASTICS (MANCHESTER).

PLASTICS (MANCHESTER).

The presing presing presing presing presing properties and proposed from July 1 with responsibility for Far East activities. He will be hased in Hoog Kong from October. Mr Mackay was previously a main board director of the Chloride Group, responsible for the overseas division and, recently, for the power electronics division.

BASE LENDING RATES

ARN Bank
Allied Dumbar & Co
Allied Irish Bank
American Express Rk
American Express Rk
Henry Ansbacher
Associates Cap Corp
Banco de Bilbao
Back Financial & Gen. Sec First Nat. Fin. Corp... First Nat. Sec. Ltd.... 11½ 10½ 11½ Robert Framing & CO. 111/2
Robert Framer & Ptrs. 111/2
Grindleys Bank. 110/2
Guinness Mahom 10/4
Hambros Bank. 161/2
Heritable & Gen. Trust. 18/2
Hill Samuel. 518/4
C. Hoare & Co. 19/4
Hongkong & Shanghai 18/4
Johnson Matthey 10/4
Knowsley & Co. L4d. 11
Lloyds Bank. 18/4
Edward Manson & Co. 111/2
Meghraj & Soos Ltd. 18/4
Morgan Grenfell. 10/4
Mount Credit Cosp. Ltd. 18/4
National Bank. 18/4
National Girobank. 18/4
National Westminster 18/4
Northern Bank Ld. 18/4
Northern Bank Ld. 18/4
Northern Bank Ld. 18/4
Northern Bank Ld. 18/4
PK Finans. Intl (UK). 111/4
R. Raphael & Sons. 18/4 Bank Hapoalim Bank Lenmi (UK) Bank Credit & Comm Hill Samuel. Bank of Cyprus... Bank of Ireland... Bank of India Canada Permanent. PK Finans. Intl (UK)
Provincial Trust Ltd
R. Raphael & Sons
Royal Bank of Scotland
Royal Trust Co. Canada C. R. Coates & Co. Ltd. 12
Comm. Bk. N. East. 18½
Consolidated Credits. 18½
Continental Trust Ltd. 18½
Co-operative Bank 18½
The Cyprus Popular Bk. 18½
Duncan Lawvie. 11½
E. T. Trust. 11½ Royal Trust Co. Canada 18%
Standard Chartered 18%
Trustee Savings Bank 16%
United Bank of Kawaii 16%
United Mizrahi Bank 16%
Westpac Banking Corp 16%
Whiteaway Laidlaw 11
Yorkshire Bank 18% E. T. Trust 111/2 Exeter Trust Ltd 111/2 Miembers of the Accepting Houses Committee. * 7-day deposits 6:38%. 1-month 6:69%. Top Tier—625,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6\% gross. ¶ Mortgage base rate. § Domains deposit 6:35%. Mortgage 12%



Points from the board's interim statement:-

- ☆ Profits at record level
- ★ Dividend increased
- * All companies trading well

INTERIM RESULTS (UNAUDITED)

	Half-year to 29 Merch 1986	Half-year to 31 March 1985	Year to 30 September 1985
	£000		£000
Sales	30,550	29,140	55,761
Profit before tax	1,540	1,051	2,351
Dividends	301	258	708
The board declare year 1.35p), Earning			

Group products include components for automotive and white goods industries, process control instrumentation and

computing and specialised engineering services. Details from: - Concentric Plc, Coleshill Road, Sutton Coldfield, West Midlands B75 7AZ



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Conferences

Manchester Business School & The Strategic Management Society



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NEW STRATEGIES IN THE FINANCIAL SERVICES SECTOR



LONDON, 11-13 JUNE 1986

Technology, deregulation and globalisation are revolutionising the financial services sector. The objective of this conference is to provide a forum for practitioners, consultants and academicians to analyse these forces, to exchange views on appropriate strategic responses and to speculate on future trends. A distinguished panel of more than 40 experts has been brought together to lead the discussions, including

Sir Kenneth Berrill, Chairman, Securities & Investment Board

Chief Executive,
Joint Credit Card Co.
Michael Riss

Chief Executive. Fraser Financial Services Ltd.

Derek Channon, Professor of Marketing. Manchester Business School

Brian Corby, Chief General Manager, Prudential Corporation plc

Ian Hay Davidson Former Deputy Chairman & Chief Executive, Lloyds of London

David Gilchrist, General Manager, Strategic Planning Halifax Building Society

Trevor Nicholas, General Manager, Resources, Barclays Bank plc

Andreas Prindl, Managing Director, Nomura International Ltd.

Malcolm Williamson. Chief Executive National Girobank plc

This is an international conference organised jointly by the Strategic Management Society and the International Banking Centre, Manchester Business School. The conference, at the Royal Garden Hotel, Kensington, commences at 6.30 pm on Wednesday 11 June and finishes at 4 pm Friday 13th June, 1986.

> New Strategies in the Financial Services Sector

Please send me further details I enclose my registration fee

Please make cheques payable in sterling, £450 (SMS members) £475 (non-members) to MANCHESTER BUSINESS SCHOOL with delegates names clearly printed on the cheque. Or, remittances may be made by credit transfer, direct to the National Westminster, Bank, University Precinct, 9/11 Oxford Road, Manchester M15 6PD. Quote MBS Account number 04424697, IBC Conference.

To: Jenifer Piesse, Conference Administrator, International Banking Centre, Manchester Business School, Booth St West, Manchester M15 6PB. Tel: 061 273 8228 ext 144. Telex: 668354 MBS G.

Organisataion

Company Notices

NESTLÉ S.A., Cham and Vevey, Switzerland

Payment of dividend

Notice is hereby given to shareholders and holders of participation certificates that inflowing a resolution passed at the General Meeting of shareholders held on 15th May 1986, a dividend for the year 1985 will be paid to them as from 20th May 1986, as follows:

gross less Swiss federal withholding tax of 35% SFc 50.75 SFr. 10.15 SFt. 18.85 net

In Switzerland:
Credit Suisse, Zurich, and its branch offices,
Swiss Bank Corporation, Basis, and its branch offices,
Union Bank of Switzerland, Zurich, and its branch offices,
Swiss Volksbank, Bern, and its branch offices,
Bank Leu Ltd, Zurich, and its branch offices,
Bank Leu Ltd, Zurich, and its branch offices,
Banque Cantonale Vaudoise, Lausanne, and its branch offices and agencies,
Zurcher Kantonathank, Bern, and its branch offices,
Zuger Kantonathank, Bern, and its branch offices,
Zuger Kantonathank, Zug, and its branch offices,
Banque de l'Etar de Fribourg, Fribourg and its agencies,
Darrer & Cie, Geneva,
Lombard, Odier & Cie, Geneva,
Pictet & Cie, Geneva,
Handelsbank N.W., Zurich, and its branch offices,

In England: Swiss Bank Corporation, London, Credit Suisse, London, Union Bank of Switzerland, London,

in the United States of America: Morgan Guaranty Trust Company of New York, New York, Credit Suisse, New York, Swiss Bank Corporation, New York, Union Bank of Switzerland, New York,

in Germany: Dresdner Bank AG, Frankfurt/Main and Dùsseldori In Holland: Pierson, Heldring & Pierson, Amsterdam,

In Austria: Geozentrale und Bank der österreichischen Sparkassen AG, Vienna,

Cham and Vevey, 15th May 1966

The Board of Directors

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

Bond issue of US\$200m Floating Rate Notes 1985/2005 The rate of interest applicable to the interest period from May 19 1986 up to August 19, 1986 es determined by the Reference Agent 18 7½ per tant par ennum namely US\$180.49 per note of US\$10,000.

BANCO DE LA NACION US\$25,060,000 Floating Rate Notes due 1585

In accordence with the terms and conditions of the above Notes. Notice is Hereby Given that for the period May 20, 1986 to November 16, 1985, the Notes will easily an interest rate of 7½%. The coupen amount per US\$100,000 nominal will be US\$3.770.83. BANQUE INTERNATIONALE A LUXEMBOURG Societe Anonyme

TOKYO SANYD ELECTRIC CO., LTD. \$100.000.000 3\(\text{3b}\) PSR CENT Convertible Bonds due 1999, (the "Bonds") and adjustment conversion price to be made as a put of the assaunce of new shares for free distribution

adjustment Tokyo
time): Tokyo Sanyo Electric Co., Ltd.
May 20, 1966.

TOKYO SANYO ELECTRIC CO., LTD. Gnarouleed Sonds due 1967 with Warrants to subscribe shares of common stock of the Conseasy of (the 'Warrants') and adjustment of careries price to be made as a result of the issuesce of new shares for free distribution

Current Exercise erice before adjustment: . . Yen 438.2 1988 T_kyo Sanyo Electric Co., Ltd. May 20, 1986.

LIURLIANSKA BANKA
USS25.000.000 Fleating Rate
Notes 1900/1907
Bondholders are hareby informed
ther the redemption instalment of
USS8.000.000 due os June 9th. 1906
hes been met by 8 draw by lot in
the oceance of Madame Jesane
Housey, Notary Public in Luxambourg. Consequently, the 1.600
bends of USS5.000 numbered:
2386 to 5000 and 1 to 595
saking account of numbers already
draws for preceding instalments.
will be redesmable at oat, coupons
at Decamber 9th, 1986 and subseguent attached, as from June 9th.
1986 data at which they will cease
to bear interest.
Redemption and payment of interest
will take place at the following
benks: Credit Lyonnais, Luxembourg: Bankers Trust Company,
New York; Marins Midland Limited,
London; Sosiets Gansaria, Patia.
Outstanding amount attar this
second amortisation:
USS5.000,000
The Fiscal Agent
CREDIT LYONNAIS, LUXEMBOURG LJUBLJANSKA BANKA

The Fiscal Agent CREDIT LYDNNAIS, LUXEMBOURG

Clubs

to be held at the Hilton Hotel, Weens, Rotterdam, on Tuesday, 18th June 1988, at 14,30 hours. AGENOA

to be held on Thursday, 26th June 1986, at 11.00 a.m., Marshall Square, Yrontstreet 18. Philipstury, 31, Maarten (Netherlands Antilles),

The tentered and managing of the contentered and contented and con

STV £5m

cash call

and plans

votes for 'A'

Scottish Television yester-

day announced a £5.7m rights

issue to fund acquisitions and

enable it to take part in satclite television projects.

The independent television

contractor for central Scot-

land is also proposing to enfranchise its non-voting

It is believed that 40 insti-tutions are likely to parti-pate in the rights issue, which is entirely underwritter. It will involve the issuing of

2.1m 10p shares on the basis

of one shares for every four "A" ordinary or preference

The directors decided to

raise money because of n decision to broaden th base

of the company into other

eisure and communications

company is looking at areas such as marketing services,

the media and possibly public relations.

The company also plans to

take part in the Super-Channel project, the plan by

13 of the 15 ITV companies to lannch a new satellite— delivered te evision channel

for Europe. And its is seeking ways in which it can play a

positive role in plans for a new British direct broadcast-

ing by satellite service.

A " ordinary shares.

shares held,

AB Foods' £164m beats City hopes

Associated British Foods, the Fine Fare supermarkets and Sunblest bread group, checked into the City yesterday with 1985-86 profits some £3.5m aheed of the best of the wideranging City estimates.

At the pre-tax level they surged from £132,3m to a record £163.5m from a turnover £198m higher at £3.13bn.

A second interim of 4.2p (3.7p) raises the net total dividend from 5.4p to 6.1p.
Mr Garry Weston, the chairman, tells shareholders that the results bighlight the continued and sustained growth of the UK operating divisions which bave increased earnings by 42 per cent over a two-year period. In spite of adverse exchange rates the overseas companies also mada a good contribution and showed an excellent rate of return on the funds em-ployed outside the country.

Favourable interest rate movements enabled the group to benefit further from earnings on its liquid funds under management — investment income jumped by £15.9m to £39.4m.

The pre-tax result (for the year to March 29 1986) was achieved after taking into

FIGHTING the takeover bid

from Scottish & Newcastle Brewerles cost Matthew Brown,

the Blackburn based brewer, about £750,000. The amount,

taken as an extraordinary item

in the interim accounts is the

equivalent of 20 per cent of the

The hid lapsed in December

last year following a Takeover Panel ruling that shares bought in the 90 minutes following

3.30 pm on the closing day of the bid could not be included in the acceptances. S & N bad stated that 3.30 pm was the

deadline but share buying in

the time allowed to count acceptances took its bolding to more than the 50 per cent

S & N still bolds a stake of 29.6 per cent.

to the end of March 1986 were as expected, putting the company on course to meet the profit and dividend forecasts made during the bid.

On turnover up from £25,35m

to £27.33m, pre-tax profits improved to £3.82m (£3.12m).

improved to £3.82m (£3.12m). Earnings per share came out at 10.72p (8.31p) and an interim payment is being made of 3p. The company is forecasting profits of £9.7m with a total dividend of 14p.

Matthew Brown's profits are

The results for the six months

needed for victory.

comment

Matthew Brown spends

£0.75m on bid defence



Mr Garry Weston, chairman of Associated British Foods,

realignment of £2.3m. The world-wide sales increase of £198m was after currency realignments of over £25m.
Combined sales In the UK increased by g per cent to £2.47bn and trading profits by over 13 per cent to £99.5m out of a group total of £131.6m, achieved after taking into up from the previous year's account an adverse currency £114.8m.

bution, the managed bouses and

resteurants are making an increasing impact and a 1p n pint price rise in January (on

top of September's annual 2p-3p rise) so that customers can belp

pay for the defenca costs comea

nothing here to make one doubt

Brown will not achieve its £9.7m

forecast profit but the share

price has long ego discounted that performance. Since the first whist of speculation prior to Scottisb & Newcastle's initial

bid at the end of 1984, Brown's shares bave ootperformed the

national's motives would appear

Tops Estates, the USM quoted

property group announced yes-terday that it is raising £15m through the issue of first mort-gage debenture stock. The money will be used to repay

existing floating rate borrowings and to provide for further

property investment. The stock, which is heing placed by Quilter

predictably good with trading which is heing placed by Quilter margins up by two polots to Goodisoo, bas a 10.25 per cent 18.7 per cent despite poor volume. Theakstons is at loog to give a redemption yield of last providing a positive contri- 10.351 per cent.

Tops raising £15m

Following the normal policy all reorganisation and redundancy costs were charged against trading profits—these totalled over £6m, but were some £2m lower than 1984-85's.

Mr Weston says that both the manufacturing and retail divi-sions increased their sales by 8 per cent representing growth in volume terms.

Overall, the manufacturing sector maintained its margins with trading profits almost 10 per cent higher at £57.6m from sales which exceeded £1bn for the first time.

Despite a difficult year the milling and bakery division returned bigher profits. While some of the smaller manufac-turing operations were dis-appointing, others improved their performances and made a useful contribution to manufacturing's results.

All companies within retailing achieved volume gains and consequent increases in profits. Sales et £1.41bn and trading profits of £41.9m compare with £1.31bn and £35.3m respectively for the previous 12 months. Overseas aales increased by £15m to £657m while trading Foods utiltimate holding com-profits showed an Improvement pany is Wittingtoo Investments, of £4.5m at £32.5m.

1985-86 rose from £6m to £7.5m. UK tax accounted for £5.4m more at £43.3m while overseas tax took £6.4m more at £19.9m. Net profits emerged at £100.3m. compared with a previous

There were also minorities of £2m (same) and extraordinary credits of £13.5m (£10.8m). Earnings, pre-extraordinary items, cama through 4.90 ahead at 24.7p. Net assets per 5p share were given as 979.8p, up from

922.6p a year earlier.

Last November in his interim statement (pre-tax profits then were showing a rise of £8.8m at £62.4m) Mr Weston said it was not possible to measure accurately the cost of the impact on profits arising from a poor quality wheat harvest in the UK.

He added, bowever, that the satisfactory start to the year made by the trading divisious in total was being maintained and be expected that the budgetted profit increase for the year as a whole would be achieved.

The group's shares rose 2n yesterday to close at 332p. AB Foods utiltimate holding com-

Rationalisation begins to pay off for Crystalate

THE rationalisation and cost reduction steps taken by Crystalate Holdings last year bave been completed, and the benefits are beginning to show through.

The opening balf-year to endin as straight profit—the costs are actually bumped down to an extraordinary item. There is March 1986 saw profits improve from a depressed £2.36m to £3.51m pre-tax, including a surplus this time of £652,000 from the sale of investments.

During the aix months subatantial new orders were obtained and the group order book now stands 30 per cent above the level at the end of the last financial year.

The directors point out, how-

market by around 50 per cent and the prospective p/e of 174p at 420p is one of the fanciest among the regionals. If S & N. ever, that the market as a whole was only slightly more buovant—the group, based at Tonbridge, Kent, manufactures and distri-butes electric products sitting on almost 30 per cent of the equity, is not going to try again it has a lot of cash tied up in a low yielding asset. The

After taking account of a higher tax charge of £1.06m (£958,000), earnings emerged at 10.49p (5.96p) basic and at 8.71p (5.24p) fully diluted, and the undoubtedly reflects the bid interim dividend is being lifted speculation approunding Crystafrom 1.54p to 1.85p net per 5p late which in turn is not uncoo-

The Ebonestos division is being moved from New Cross, late talks of using the money to South London, into an existing make a major acquisition, but A. P. Besson factory at Port- unless the market is convinced slade and to a new location at that the acquisition (when it Lancing. The costs were in comes) is of a high enough cluded in the provisions in the quality to compensate for the previous year.

The directors say cash and

liquidity remain strong and ing. That said, the group looks show a further improvement well placed to become a prime when compared with the end of heneficiary of an upturn in its

last year.
Mr N. H. McClean bas heed appointed to the board and will risks.

markets and the long-term prospects outweigh the short-term

Turnover for the first six months declined from £32.42m to £29.28m, but operating profits pushed ahead from £2.36m to £2.86m.

would probably be talking more

optimistically thao many others

in the industry, and a good £6.8m must be in sight for the

current year. At 213p, up 10p

on the day, the shares could hardly be considered expensive

on a prospective earnings mul-tiple of 121 if it were not for one factor which could bioder

their sbort-term performance.
An element of the price undoubtedly reflects the bid speculation aurrounding Crysta-

nected with the attractions of its £13m plus cash pile. Crysta-

quality to compensate for the loss of the bid prospects, the price could take a slight shav-

The company aims to earn 30 per cent of its profits from the areas other than its tele-Group pre-tax profits for the 1984-85 year fell by £854,000 to vision franchie.

The moves are being made at the same time as the Peacock Committee—which is comment Crystalate has made further investigating of the financing of the BBC, has concluded that BBC television should strong progress against a difficult market background: eveo without the substantial boost to not be required to take advertising in the forseeable

The Government's plan to reduce the levy on ITV profits from 66 per cent to 45 per cent will also boost profits. Scottlsb does not export many programmes and therefore will not be badly affected by the balancing 22.5 per cent levy to be imposed on profits from sales abroad.

Mr Alan Montgomery, director of finance, said yesterday no analyst was pre-dicting profits of less than £6m this year, compared with pre-tax profits for £4.8m in the year to December.

The move to enfranchise all the shares is part of a trend in ITV which has been encouraged by the Independent Broadcasting Anthority. At the moment 8.5m shares of Scottish are non-voting and there are only 28,000 voting shares, most of them beld by directors.

Under the new articles of association no single share-holder will be able to own more than 10 per cent of the

more than 10 per cent of the total although tha existing vnership is already widely spread among Institutions and pension funds.

Anglia and Central are also considering the enfranchise-ment of their non-voting shares later this year.

Godwin Warren shares fall 25p

Pre-tax profits at Godwin Warren Control Systems improved from £508,000 to £535,000 in 1985, but these results were not as good as anticipated, mainly because of the movement in sterlingadversely affected group profits by approximately £149,000. Turnover rose from £4.96m to £7.52m.

The abare price fell by 25p to 125p yesterday.

The total dividend is increased from 2p to 2.2p net with n final of 1.1p (1p) the company's shares are

traded on the USM.
Mr David Simpson, the chairman, says that desplte some severe and unexpected problems in the second half of 1985 — which have con-tinued into the current year — he is confident the company will show continued growth for 1986 and emerge stronger in 1987.

Craton Lodge up 25% at halfway

Craton Lodge & Knight
Group, USM-quoted consultant
in consumer product development, improved taxable
profits by 25 per cent to
£163,000 in the six months ended March 31 1986 on turnover only 4 per cent up at £1.45m. The interim dividend is raised from 0.5p to 0.6p on earnings per share ahead 0.55p at 1.66p.

The directors say that a

pattern is emerging in which first-half turnover is somewhat lower than the second—the first half lucludes the final quarter of most clients' budgetary years.

The company's policy of growth and diversification through acquisibons and loint ventures is continuing. but any contribution in this direction is unlikely to be significant for the current year's outcome in the longer term It is expected to be

Utd. Scientific in red after 'deep rooted' US problems

PROBLEMS IN United Scientific Heldings' US operations, in-cluding inadequate financial and accounting controls and a lack of management discipline at its Optic Electronic subsidiary, pushed the company into the red by nearly film in the first half of the 1985-86 year com-pared with a £5.26m profit.

Th e loss of £986,000 for the period to March \$1 follows two years of falling profits at USH, boardroom shake-up and divisional reorganisation December under Sir Frank Cooper, the chairman.

Losses in the US were in excess of £4.75m, outwelghing a taxable profit of £3.8m in the rest of the group. New controls and disciplines were still being introduced there the chairman says: at OEC an experienced new chief financial officer will arrive within n few days, and two non-executive directors will join the board, one as chairman. These changes at OEC follow the appointment of a new presi-dent and chief executive, with previous experience in the US

defence industry, last month. Sir Frank says that the great majority of unprofitably priced orders have now been delivered by OEC, but that further write-



Sir Frank Cooper: chairman of United Scientific.

offs were needed in the half. He adds that the problems at the offshoot proved to be "deep rooted."

At Ni-Tec, the Texas-based night sights subsidiary, produc-tion and quality is achieving levels which are acceptable and satisfactory, says the chairman, and prouction costs are falling. He is confident that US opera-tions wil break even or better

profitable in 1987. overall the group will term in a profit for the current year, and the dividend will be maintained at 5.7 per cent. The interim payout is hedd at 2.50 despite a loss per share of 2.40 gainst comparable earnings of

Sir Frank says that Sopeland, the company's new investment in France, is working well will ether group companies, and will provide a major planform for grown. Early marketing somess has been achieved and new orders exceed FFr 60m in the period February to April this year. More than half of these are for export.

Overall, the order book is the highest in the company's history, and further market opportunities are being pursued, which the chairmant says augurs well for the future.

Half year turnover was little changed at \$50.5m (£42.94m), but produced sharply reduced. Sir Frank says that Soperary

extraordinary income of £767,000 compared with a £1.62m charge.

Berkeley Group raises £12m as profits move ahead by 73%

amounced a 73 per cent increase in pre-tax profits to £3.8m for the year to April, and unveiled details of a rights issue to raise £11.9m after

The issue, the second in little more than a year, will help to fund the group's rapid expansion. Last year it opened two new subsidiarles in Dorset and South West London, and this year it has already opened one in Essex. The company reports that demand in all areas is strong, and the money will provide a needed increase in working capital.

The profits were achieved on an increase on turnover from £19.9m to £31.7m. This reflected a 68 per cent rise in residential building turnover to £30.8m, and a £1.2m contribution from commercial development. Some 242 houses were sold, and the company says it now has a record level of forward sales.

scheme had exceeded his expectations and that he is disssing similar joint development projects.

The terms of the rights issue are two new shares for every seven at 355p each. The directors, who own about 50 percent of the equity will not be taking up their full entitlement, the balance of which will be placed with institutional investors, The issue has been underwritten by County Bank. • comment

During the year Berkeley Berkeley Group has its share tained.

Berkeley Group, tha upmarket housebuilder, yesterday
announced a 73 per cent increase in pre-tax profits to
23.8m for the year to April, and
unveiled details of a rights
schare had expected by
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man said that the results of the man said that the results of the man said that the results of the man said announcement of another rights issue would be an ideal opportunity for profit taking. However, as the rights were dished up with profits that characteris-As a result of the company's tically outstripped forecasts, no expansion, the interest charge one felt put upon and the shares was higher at £728,000 closed only fractionally lower (£478,000). The after tax profit at 420p. Berkeley is enjoying was £2.3m (£1.2m), and earnings per share were 18.8p, an increase of 47 per cent.

A final dividend of 2.8p is proposed (2.4p) to make a total for the year of 4.2p (3.6p);

The terms of the rights issue perous parts of the country for service was a two new shares for every service on the country for Berkeley to tan. Meanwhile. while the volume in each area is growing quickly, there are still further untapped prosperous parts of the country for Berkeley to tap. Meanwhile, the joint ventures are an exciting extra, and Berkeley is in the enviable position where it is turning down schemes on which the margin is not up to its usual high standard. A profit of E5.75m this year would imply of £5.75m this year would imply a p/e of 18, high but appro-priate if the spotless record of earnings growth can be main-

> Jas. Ferguson goes on the

takeover trial

James Ferguson—which was rescued in January after a reverse takeover by property

company, Property Pension—
has acquired Merseyside
Finance, Century Industrial
Services and Card Finance from

Cavland for £204,000, three-

quarters of which will be paid in cash, the rest in shares.

The three companies collectively produced a pre-tax loss of £49,000 in the last financial

year. Nonetheless, James Ferguson's chief executiva, Mr Guy Gramer, expects all three to return to profit in the next

financial year James Ferguson has also

James Ferguson has also eugmented its printing activities with the formation of Estate Agency Services, which acquired the assets of Colony Print, to provide specialist printing services to estate agencies.

According to Mr Cramer the company has just completed negotiations with its merchant bank, N. M. Rothschild, to secure a £2m revolving credit facility to finance future acquisitions.

Fredericks/CGA

Rotaflex attacks growth record of bidder Emess

Rotaflex said Emess had used questionable accounting to and became caregorate its profits growth following the £12.6m acquisition per share.

Of Marlin Electric last growth by a specific state of the first profits and became to a specific state of the first profits and became to a specific state of the first profits and became to a specific state of the first profits and became to a specific state of the first profits and became to a specific state of the first profits and became to a specific state of the first profits growth by a specific state of the first profits growth by a specific state of the first profits growth profits growth per share. September.

By using merger accounting, Emess had included Marlin's profigs for a full year and to re-state 1984 profits (though not earlier years' profits), Rota-fiex said. This inflated Emess's pre-tax profits by 57 per cent in 1985. Rotafiex, advised by S. G. Warburg, also criticised Emess

for inconsistency in using earnings per share (EPS) and profits figures in order to exaggerate EPS growth. It said that actual compound growth in EPS was 3.7 per cent since

Rotaflex, the commercial lighting manufacturer contesting a £30m bid from its UK offer document had been vetted its merchant bank, County accounting policies.

In its defence document, if was a genuine merger by Alice Rawstnorm

Emess, said the figures publicies publicised by the company in its offer document had been vetted and financial services company, James Ferguson Holdings, has accounting policies.

Ey Alice Rawstnorm

The recently-rescued textile and financial services company, James Ferguson Holdings, has acquired three financial services company in its defence document had been vetted and financial services company, James Ferguson Holdings, has acquired three financial services company, and its merchant bank, County light with the figures publicies and financial services company, and financial services company, and financial services company, and its merchant bank, County light with the figures publicies. as it was a genuine merger and because Emess had not wanted to overstate its earnings

> Rotaflex also attacked Emess's comp growth by acquisition, saying its has profits performance up to 1983 had been pedestrian. Then, using a mountain of paper, it had acquired new businesses. "It now wants to issue more than 75 per cent more paper to buy your company." Mr Michael Frye, Rotaflex chairman said in a letter to shareholders.

Mr Meyer retorted that he was not asking Rotaflex shareholders to evaluete Emess shares: they could take a cash alternative of consits figures in order to could take a cash alternative of profits figures in order to 252p per share. Last night, exaggerate EPS growth. It said hat actual compound growth in EPS was 3.7 per cent since 980.

Mr Michael Meyer, chairman could take a cash alternative of 252p per share. Last night, emess's paper offer—90 new shares for every 100 in Rotafiex —valued Rotafiex at 291p per share, well below its closing price of 345p.

Brooke Tool recovery

DIVIDENDS ANNOUNCED

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM atock. § Unquoted stock. § Includes anniversary bonus. § Forecast of

Sept 1 3.7 - 2.4 July 18 0.5 - 2.15

July 14 — 0.5 — 6.3 — 6.3 July 25 1.1

June 23 Nii Aug 31 Nii Oct 2 2.2

July 14

WHILE orders and activity remain buoyant, Brooke Tool Engineering (Holdings), the present business climate is causing some pressure on margins throughout the group, says Mr Fane Vernon, the chairman.

However, pre-tax profits in-creased from £427,900 to £577,000—up 35 per cent—in the six months to March 31 1986. Profits for the previous 12-month period were £1.06m.

Mr Vernon says the increase

AB Foods2nd int 4.2
Berkeley Group 2.1
Brooke Toolint 0.63
Matthew Brown ...int 3
Clayform Props; 5

| Clayform Props; ... 5 | Craten Lodge ... 0.6 | Crystalate ... int 1.85 | Davenport Knitwear ... 7.17 | Dubilier ... int 1.2 | Gedwin Warren; ... 1.1 | Ivory & Sime ... 3.75 | Rendicut ... 1.47† | Tomkinsons ... int 1.25 | Trilien; ... int 0.4 | Utd Scientific ... 2.2 | Dividends shown in penceral creation ... | Dividends shown in penceral creation ... | Dividends shown in penceral creation ... | Creation ... | Dividends shown in penceral creation ... | Creation ...

in profits was achieved in more stabla climate, The interim dividend is increased from 0.5p to 0.625p net—last year's total was 1.25p. Stated earnings per 5p share were slightly lower at 1.5p compared with 1.6p.

pared with 1.6p.
Group turnover in the opening half rose from £4.72m to £6.28m. After tax of £221,000 (£61,000), minority debits of £2,200 (credits £9,900) and dlvidends of £150,900 (£108,200), retained profits came out at £203,800 (£268,600).

1.85 4.24 6.3 2.8

The offer by Fredericks Place for the Country Gentlemen's Association has not been declared unconditional, as was stated in the takeover bids summery table in Saturday's EV. mary table in Saturday's FT.
The offer is worth £12.14 n
share on the basis of Cazenove's
estimate of Fredericks Place
shara price if the offer goes unconditional.

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Dixons' earnings potential CAP makes | Dubilier hit by fall in demand under fire from Woolworth

BY LIONEL BARBER AND DAVID CHURCHILL

Dixons Group, yesterday cast fresh doubt on the quality of its sharebolders.

In an effort to undermina Dixons' pre-tax profits figure for 1965-86 which could amount to around £75m for the yeer to last month—Woolworth raised questions about Dirons' accounting policies, specifically relating to the f219m arquisition of Currys, the High Street electrical retailer.

Woolworth asked how much of the 1985-86 profit has come from property sales. Dixons replied in a letter to

THE PROPERTY OF THE PARTY OF TH

is. Fernis.

Woolworth chairman, that the contribution from Currys property portfolio was less than 5 per cent. Woolworth also said estimated that between £15m and £20m of interest on Currys'

credit sales business bad accumulated and asked if this would he included in the 1985-86 Dixon Group profits. Dixons said that it wes running down the husiness and therefore bad dehts were high.

The profits would not benefit from this interest. Woolworth then questioned reconcile the amount of focusing goodwill created by the Currys areas.

Woolworth Holdings, fighting takeover, if there were no such \$1.5bn takeover bld from write downs. write downs.

Dixons retorted that fair Dixons' earnings in a letter to Currys assets in accordance with SSAP 14. The 1985-86 profits would not benefit from the release for stock provisions or from reduced depreciation charges.

Turning to attack, Dixons asked why a £29.1m charge in Woolworth's 1985-86 results was treated as extraordinary. If it related to rationalisation or store refurhishment it should have been treated as excep-

Woolworth said that some £24m referred to the closure of two significant activities—adult clothing and food—and the treatment conformed accounting standards. Mr Stanley Kalms, Dixons chairman last night lut out

strongly at Woolworth's plans to let out space to other retailers in some of its largest High Street stores. " Successful retailers are crying out for more space," he said.
"It's chout per for the course

for Woolworth to provide space for virtually everyone else in the High Street rather than make use of it itself." Woolworth has identified up whether Dixons had benefited to 60 larger stores where it from asset write downs or feels the trading space is too Apart from renting out space provisions since the Currys large at present to fit in with ecquisition. It was difficult to its new marketing strategy of reconcile the amount of focusing on a few key trading major refurbishment of its specific provisions.

A Woolworth spokesman said yesterday that "we would have the first pick of the best space available" but confirmed that Woolworth would then bring in other retailers on a rental basis
to fill up the rest of the store.
The company emphasised that
this would happen in only certain stores in areas where it
believed it could trade successfully on a smaller scale.
The retain is edition to the

The move is in addition to the closure of over 150 Woolworth stores since the company was acquired from its US parents for £315m three years ago by a consortium of City institutions. The exposure by Woolworth of its plans to allow other re-tailers into its stores was seen by some City analysts yesterday as a mistake during the middle of a bitter bid battle. "It was rather an 'own goal," said one

Mr Kalms said that if Dixons was successful in its takeover of Woolworth it would be able to make use of all available

Setling space Is the 'oxygen for any retailer determined to become successful and it seems ridiculous to offer prime space to other stores," he said. "Can you imagine Marks and Spencer or Sainsbury offering some of their shop space to other, pos-

counterbid for Standard

By Alice Rawsthorn

US group

A US investment group has acquired a 10 per cent stake in Aitken Hume International, the tronbled financial group which is the subject of an unwelcome takeover bid from Mr Nick Oppenheim's Tranwood Group.

holds 10% of

Aitken Hume

The US group—which has yet to be identified but has been building up its holding in Aitken Hume since late last week-has become the second largest shareholder, after the Saudi Arahlan finance group, Sifcorp, with 15 per cent. It bas not yet indicated to the Aitken Hume board whether it will support its efforts to repulse the Tranwood bid.

Tranwood announced its
"Intention to bid £91m for Aitken
"Miline—which has been hit by
"Washarp fail in profits and ra
series of senior management
departures—earlier this month.
It has not yet produced a formal

The Aitken Home board claims to have secured the support of 21 per cent of its shareholders, including Sifcorp, in rejecting the bid.

Technology for **Business** in £1m cash call

Technology for Business, the USM quoted computer group, has announced a £1.1m rights issue which will be used to finance future growth.

Mr Paul Bion, the chairman, said that the year has started well, with turnover up by 15 per cent and profits showing a "significant improvement" over the last year. The board is expecting to pay a 1986 dividend of at least 5.399 (4.62p).

of at least 5.39p (4.62p).

The company, which specialises in providing computer systems to the legal profession, is negotiating to become the distributor of computer peripherals made by three major suppliers. Some of the rights proceeds will go towards stocking these products.

In the first half of 1985, the company made profits of £166,000 on sales of £4.4m.

Grosvenor Group Grosvenor Group, tha troubled electronics and engin-

ering concern, said yesterday it was in merger discussions with an unnamed privately owned company.

Mr Gordon Hazzard, chairman, said the discussions were et an inciplent stage, but should be concluded early next week. He would neither divulge the name of the company with which the group was negotiat-ing, nor its area of activity. Grosvenor's shares rose by 19p to 155p yesterday on news of the merger discussions.

Fire hits Jas Neill A fire damaged the premises of Neill Tools, the principal operating subsidiary of James Neill Holdings, at Handsworth, Sheffield on Saturday.

The longer term effects cannot be quantified at this stage, say the directors, but the impact on profits is likely to be significant in the short-term. The company has the usual insurance covers and is discussing the position with insurance companies at present.

The fire destroyed to per cent of the factory buildings and caused considerable damage to the raw material stock.

Scottish Heritable in

BY ALICE RAWSTHORN THE PROPERTY company, Standard board although, Scottish Heritable Trust, has according to Standard's chair-announced its intention to man, Mr Robin Napler, the two mount a counterbid to the agreed takeover of Standard out the final terms of the counfilerworks by the industrial ter bid. Mr Nepier expects an holding company, MY Dart.
The MY Dart hid, which
values Standard—the country's

largest fireworks manufacturer -at £7.76m, was unveiled in mid-April. The company bas offered 12 of its shares and 150p in cash for every five Standard shares, or a cash alternative of 129p a share. The offer closes

on Thursday.
Scottish Heritable announced yesterday that one of its subsidiaries has built up a 7.2 per cent stake in Standard and plans to launch a counter offer. The company has entered unchanged yesterday and 176p respectively.

announcement from Scottish Heritable by tomorrow morning. In the past two years Standard has suffered from fall in both turnover and profits. When the Dart bid was unvelled in April, the Standard board indicated that it anticipated a fall in turnover from £7,28m to £7,11m and in pre-tax profits from £1,28m to £1.05m, dne to adverse weather, for the financial year to March 31,

The shares of both Standard and Scottish Heritable remained unchanged yesterday at 142p

Coloroll bounces back with agreed £5m purchase

BY DAVID GOODHART

Colorell, the acquisitive bome furnishings group, yesterday bounced back from the disappointment of failing to win control of Stafferdshire Potteries last week and announced an agreed all-share offer for Biltons, valning the private company at £5.1m.

Biltons is one of Staffs' main competitors in the eartheware tableware market, and Coloroll stressed that the deal indicated six continuing interest in Staffs.

Although Coloroll's £14m bid lapsed last Monday it immediately increased its stake from 14 to 24 per cent. It also owns or has received acceptances for 75 per cent of Staffs' preference shares which, it claims, would give it over 45 per cent of the share capital on a diluted basis.

Describing the Biltons deal, Mr Philip Green, the Coloroll group development director, said that it was a good deal "with or without Staffordshire Potteries." However, he added that it undercut the Staffordshire potteries." However, he added that it undercut the Staffordshire is minuted that there would be no industrial logic in merging with Coloroll and no management coloroll had no management is remaining with the company.

In the 1984-85 year Biltons made pre-tax profits of £470,000

FKI forecasts 58% surge

FKI Electricals, the rapidly 42 per cent rise on the previous expending electrical and electronic engineer which is buying for £11.65m Thorn EMT's 58 per cent rise in pre-tax gross profit margins but were profits for the year ended last March.

Thorn EMI companies had good gross profit margins but were at present loss-makers, FKI said.

year. FKI said it was paying Thorn EMI £11.85m, either in cash or by issuing up to 17m new shares engineering and components or a mixture of both. The five division, yesterday forecast a Thorn EMI companies had good

March.

The company said it expected largest to date and represents pre-tax profits to rise to £5.5m. 14 per cent of the enlarged share capital, if the share offer to be not less than 4.25p, a is fully taken up.

BOARD MEETINGS

Interimes: A. and P. Appledore, J. Bibby. Cramphore, Guinness Peat, Majedia Inusetments, Ranks Hovis McDougell.
Finals: British and American Film, Business Mortgages Trust, Cakebread Robey. Country and New Town Properties, Fine Art Developments, Gartmore American Sacurities, Landu. Mercay Docks and Harbour, Miles 33.
J. Saingbury. Spactra Automotive and Enginteering Products.

Fuffice DATES

FUTURE DATES Aspined May 23
Cembrian and Gen. Securities May 22

£33m REDUCED WORLDWIDE de- second. Overall operating mar- tion problems at Greenpar, puter sales and the change in agreed bid

for Yarrow

CAP, the computer software house, yesterday launched an agreed £33m takeover bid for Yarrow, the Glasgow-based marine engineering group which only three months ago success-fully fought off a hid from Weir Group, the engineering com-

pany.
Both CAP and Yerrow are beavily involved in systems engineering in defence-related fields and said yesterday that there was demonstrable synergy between them. "The potential advantages deriving from the Increased market share and comprehensive skill profiles of the combined businesses are substantial," they added.

Weir Group, which made a hid worth just £21m, has sold its 28.2 per cent holding in Yarrow on to CAP's financial adviser, Charterhouse Japhet. making a gross profit on the holding of several million pounds

CAP first made an approach to Yarrow as a "White Knight" in the final steges of the Weir bld, offering a price of about 600p for eech Yarrow share. but its overlure was rejected.
Since then Yarrow has held takeover talks with both CAP end the rival software house, Systems Designers, which also has substantial military work. CAP is offering 25 of its shares plus £14 in each for every elgot Yarrow ordinary. On the basis of CAP's closing price last night of 200p, up on the offer night of 203p, up 3p, the offer is worth 825p for each share in Yarrow, which closed at 820p, up 190p. Shareholders would also re-

tain eight Yarrow special shares planned to be issued to give entitlement to 100 per cent of any compensation Yarrow reor Human Rights over the duced the funds under management in that area and the investment in its wholly-owned a 737.5p cash alternative.

mand for electronics components hit both sales and profits for Dubitior in the first half of 1985-86, and the weak dollar had a further edverse affect.

At the pre-tax level, profits were down £530,000 at £2.37m—nearly half of the fall was because of the U5 currency decline. Turnover fell down from £24.7m to £17.73m, but operations since disposed of accounted for £4.59m last time.

The directors say the down-turn was particularly marked in the first quarter, but that there was a recovery in the

cent. They expect that progress made in the second quarter will be maintained, "assuming trading conditions continue to improve."
The interim dividend is raised

0.1p to 1.2p, on lower earnings per share of 5p (5.9p). The total dividend last time was 2.8p on taxable profits of £6.57m and earnings of 13.6p. comment

Almost everything went wrong for Duhiller in the first quarter of this year. Produc-

a flattering recovery at Edac.

gins rose 3.2 points to 16.8 per order rescheduling at Beswick, accounting policy to average a flattering recovery at Edac, adverse currency which wiped £250,000 off these results and, to cap it all, a flurry of fires and floods. The company is confident that these problems were resolved in the second quarter and that, although it cannot compensate for the first quarter shortfall, it will recover momentum by the end of the year. The City seemed convinced and the share price rose by 12p to 178p yesterday. Edac is still suffering from sluggisb North American com-

Profits advance by 24% to £3m at Ivory & Sime

second haif to leave Ivory & down by £395,000 to £329,000. Sime, the Edinburgh-besed investment management company, with profis up by 24 per cent With world stock markets on turnover abead by 21 per raging ahead, fund manage-1936.

are proposing a final payment 3.25p.

On turoover of £6.98m out at £2,97m t£2,4m). Direciors say the rise in turnover re-Totel assets under management £2.7bn compared with £2.07hn a year earlier. Directors add that

vestment in its wbolly-owned by the Mercha subsidiary, Ivory & Sime (Oil Pension Fund.

GROWTH continued in the and Gas), has been written

comment

cent in the year to April 30 ment groups should be able to report large increases in profits From earnings per 0.1p share without even trying. However, of 6.13p (4.6p), the directors a 25 per cent advance from Ivory & Sime is more of an of 3.75p, making a total for the achievement than it might yeer of 4.75p, against last seem, as the group is unheppily year's single final dividend of exposed to some of the worst performing specialist areas, like oil and gas and US tech-(25.79m), pre-tax profits came nology stocks. Growth in funds under management of nearly 30 per cent is also encouraging. flects the higher values of reflecting a healthy inflow of clients' funds and new clients. new money as well as expansion of the existing pot, and at the end of the period was should ensure a rise in profits this year even if the bull market peters out. On a historic at existing stock market levels multiple of 24 on yesterday's the present year should see price of 17lp, up 4p, tha shares further growth. rated sector. The market in the shares is not liquid and the price may still reflect buying

by the Merchant Navy Officers'

McKechnie hits out at Evered management style

a £155m bid from Evered Holdings, yesterday launched its defence with a vigorous attack on the Evered management Dr Jim Butler, the McKechnie

chairman, wrote: "The Evered menagement 'style' consists of nothing more than a list of management hasics which were being applied in the McKechnie Group long before Abdullah's took over management of Evered."

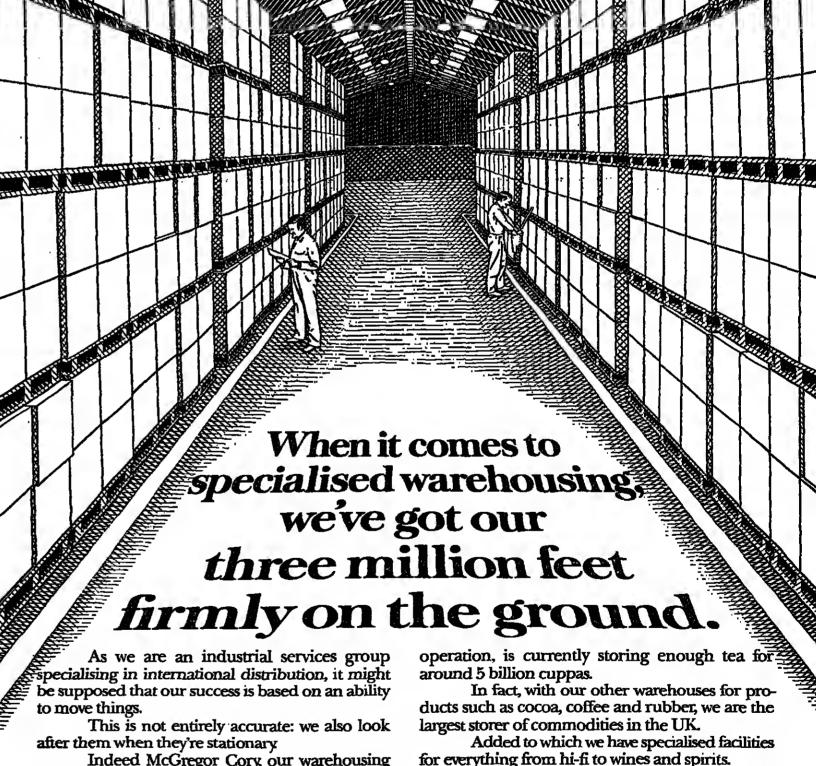
He added that Evered's action in turning round a random collection of chronically weak husinesses is no indication of ability to manage an already proftable group competing with large-scale businesses in international markets.

McKechnie also released its mercentile also released its interim figures for the half year ended January 31 1986 which shows trading profit before exceptional items up 23 per cent and earnings per share up 41 per cent. Turnover fil3m in the comparable period last year to £107m but trading profit bas risen from £7.5m to

McKechnie Brothers, the Mid-nds manufacturer fighting off £155m bid from Evered Hold-McKechnie's profits have more than doubled since 198t, said Dr Butler, whereas Evered's track record shows its emer-gence from the brink of disaster and thereafter it is obscured and flattered by a treadmill of acquisitions and no fewer than three rights issues.

Dr Butler elso announced yesterday that McKechnle Metals has committed itself to a two-year £8m investment pro-gramme which will include moving all production to the main site at Aldridge near Bir-

Mr Haschid Abdullah, chalrman of Evered, was not impressed. He said: "It is surprising that it has taken the management nearly three years to recognise the need to rationalise and concentrate activities onto one site." Mr Abdullah added that the forecast earnings per share of 18.25p for 1986 implies an 8 per



Indeed McGregor Cory, our warehousing business, does a good deal more than that. We handle everything from storage to shrink-wrapping, from quality control to delivery - a range of services which, allied to the geographical spread of our warehouses, has won us over three hundred major industrial clients.

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have been selected by lot by the Fiscal Agent for redemption on the 19th day of June, 1986 at a redemption price aqual to 101% of their principal amount plus accrued interest to the date of redemption (totalling C\$1,068.78 per C\$1,000 Note and C\$10,687.78 per C\$10,000 Note). The aggregate principal amount of the notes outstanding after June 19, 1986 will be C\$93,077,000. All the Notes listed above will be radeemed on June, 19, 1986 in Canadian Dollars upon presentation and aurrendar of the said Notes (accompanied by the interest coupons appertaining thereto which mature after June 19, 1986, failing which the face value of any missing unmatured coupon will be deducted from the sum due for payment), at any of the following paying agents, at the option of the holder:

> Orion Royal Bank Limited 1 London Wall, London EC2Y 5JX, England

The Royal Bank of Canada Royal Bank Plaza. Toronto, Ontario M4J 2J5 Canada

The Royal Bank of Canada (Belgium) S.A. rue de Ligne 1, B-1000 Bruxelles, Belgium

The Royal Bank of Canada (France) S.A. 3 rue Scribe, 75440 Paria France

The Royal Bank of Canada AG Bockenheimer Landstrasse 61, 6000 Frenkfurt/Main 1. West Germany

The Royal Bank of Canada (Suisse) rue Diday 6, 1204 Geneya, Switzerland

> Kredietbank S.A. Luxembourgoise, 43 Boulevard Royal, 2955 Luxembourg

NOTICE IS ALSO HEREBY GIVEN, that all interest on the Notes so called for redemption shall cease to accrue on or after the said 19th day of June, 1986 end coupons for the payment of interest after such date on said Notes shell be void.

DATED AT LONDON This 20th May, 1986 by ORION ROYAL BANK LIMITED Fiscal Agent



UK COMPANY NEWS

Readicut surges to £5.6m and sees good year ahead

areas lest November via two acquisitions totalling 58.1m, raised its 1985-86 profits by £1.13m and is looking to the current year for further

With profitability in most companies improving the group saw its profits for the year to March 31 1986 surge from

14.5m to £5.6m pre-tax.

Although Firth Carpets experienced a difficult third quarter's trading, the company finished the year strongly. The recent ecquisitions, Russells Rubber and Brammer Transmissions, have been suc-cessfully and profitably inte-

grated and with all other companies busy the directors say the outlook for the first half of 1986-67 and the full year tooks good.

The results for the past year

were in line with City expectations. Pre-tax profits were
struck after deducting distribution costs of £11.71m (£12.44m),
administration expenses of in avery division, including the
£7.86m (£6.65m) and interest charges of £1.88m (£1.77m).

Tax eccounted for £1.82m

(£1.89m) and extraordinary

items for £7.6,000 (£6.76,000).

Earnings came through at
4.32p (3.8p) and a final dividend of £4.85p (1.3p) on the
capital enlarged by last

November's £8.2m rights issue
lifts the total from £4.5p to
£63p net per 5p share.

Russells makes rubber extru-

Russells makes rubber extrutions, such as window seals, principally for the motor industry, supplying all the major UK manufacturers. Brammer Transmissions makes speciality transmission belts for use in a radia range of for use in a wida range of industries together with belts for the domestic appliance

Both concerns were bought from Brammer. The rights issue was largely to fund the

For the first time in the 1980s Readient has produced a profit in avery division, including the

specialised textile group which operating income of £905,000 cyclical downturn in at trust areas last November via two acquisitions. the turn of carpets, where margins were eroded by a rise in raw material prices creating f750,000 from these results. Raw material prices are how falling and the carpets division is bracing itself for increased demand from room rilents much demand from new clients, such as Marks and Spenser's furniture stores. Meanwhile car carpeting should be buoyed by the contract for the new Missan plant and diversification into Europe. Barring a cyclical downturn in any of the divisions and anticipating a Elication. sions and anticipating a filter contribution from the first full year of the acquisitions, the City expects profits of \$7.2m and a p/e of \$5.5 for 1985.7 on yesterday's share price. Which rose by \$1p to \$1p. Although Readicut's future City standing will be conditioued as much by how the company uses its newfound capacity for acquisinewfound capacity for acquisi-tions—with gearing reduced to 20 per cent its sights are set on diversification into textile market niches—as to immediate profit prospects. .

Trilion profits ahead and growth continues

A £48,000 increase to £269,000 will have another successful in pre-tax profits is reported by year.

Trillon, which provides live Group turnover in the opening half advanced from £3.34m to £4.24m. Tax was higher at for the six months to March 31 \$34,000 compared with £30,000 compared w

The figures includes a con-tribution of £61,648 from the newly-acquired distribution companies which have been in-cluded as though they had been part of the group for the period under review.

Mr W. A. Hope, the chairman, says the underlying businesses showed an improved performance, increasing their pre-tax profits by 19 per cent

over the comparable period last Triliou is paying its first interim dividend—0.4p—since joining the USM. Stated carn-

ings per 10p share were lower at 1.61p against 1.72p. Consideration for the distri-hution companies — Movietel Services, Caribbean Programme Services and Eurotel Pro-gramme Distributors — was satisfied entirely in Trilion shares and, therefore, the group figures have been drawn up in accordance with merger account.

ing policies. Last month Trilioo announ-Last month Trilloo amnounced that it was in discussions
which might lead to the acquisition of Limehouse Television,
one of the major independent
studio complexes in Europe, Mr
Hope oow says thet should the
acquisition proceed, the group
will beoefit from the considerable savings due to the merged
activities.

Mr Hope says the high level imagined before pushing the of activity in the coming months leads him to believe the group standing.

and there was an extraordinary debit of £56,000 (£59,000), which relates to the redundancy costs resulting from the rationalisation of outside broadcast facilities operation.

comment. The 19 per cent profits growth from Trilion's existing busi-

from Trilion's existing businessess is less than one expects to see from a trendy, media-related newcomer to the USM and illustrates the company's vulnerability to the performance of its outside broadcasting operations. A seasonal downturn in demand left the facilities division staggering under the weight of its overheads, and it was only thanks to Cheerleader and Trilion heads, and it was only thanks to Cheerleader and Trilion Pictures that the growth came through. A cut in OB staffing in favour of using freelance personnel will alleviate the problem in future, and an exceptionally busy summer should belp bring about a brighter full-year result; up to 1900 000 is in sight, notting the £900,000 is in sight, petting the shares, at 92p. on a prospective p/e ratio of 16 after a 35 per cent tax charge. At that price the shares have already discounted the likelihood of the Limehouse acquisition coming through and the City will want to see that the virtues of a complete vertically integrated operation are more real than

Group. An extraordinary item of £54,260 represents the cost of the bid defence.

Turnover came to £5.71m (£6.34m), producing operating profits of £255,000 (£172,000). The directors say that the

foondry business is pursuing

productivity savings energeti-cally, and the order book is satisfactory. Steel stockholding

and processing in Cardiff is looking for increased sales at

home and abroad.

J. Williams plans dividend

John Williams of Cardiff, the earlier this year when fending teel stockholder and iron off a £1.9m bid from Wyndham steel stockholder and iron maker which returned to profit in 1984-85 after several years' losses, yesterday announced e pre-tax surplus of £102,000 for the first balf of the current term, and plans for a resumption of dividend payments.

The directors discussions with financial advisers to prepare a capital reconstruction in order to recommence payments. The last ordinary dividend was in February 1982, and preference arrears extend to July 1983. Interim earnings rose to 1.31p (0.33p).

The profit for the six months to March 31 1986 compares with £23,000 last time, and the directors consider that they will achieve the 250,000 forecast

IN BRIEF

BLACKWOOD HODGE (Canada), a subsidiary of Blackwood Hodge, earthreduced pre-tax losses from C\$212,000 (£99,000) to C\$110,000 (£52,000) for the three months to end-March 1986. Sales and rentals were C\$25.66m (C\$20.93m) and profit before interest charges rose to C\$782,000 (C\$609.000). There was no tax, and losses per share fell from 9 to 5 cents, The first quarter is usually non-

WHITEREAD INVESTMENT COMPANY increased its net COMPANY increased its net asset value per share from 205.81p to 310.83p in the year to March 31 1986. Stated esrnings per share improved from 6.78p to 7.79p, and the total dividend is raised from 6.73p to 7.44p net with a final \$15.07p. Pre-tax profits for the year were up from £6.12m to year were up from £6.12m to £7.06m, from higher income of £7.88m (£6.48m). There was a tax charge of £2.15m against £1.84m. Retained profits were considerably more at £223,475 (£30,291).

Tomkinsons' margins set to improve

Despite a background of difficult trading conditions, Kidderminster based carpet manufacturer Tomkinsons raised its luterim profits from £502,000 to £753,000 at the pre-tax level

Furthermore, the directors are looking for further improvements in turnever and margins and are, meanwhile, paying a first-ever interim dividend of 1.25p net per 25p share—for the Init 1984-85 year a single 3p was paid after adjusting for last November's one-for-one scrip. Turnover for the half-year (to March 29 1986) improved by 15 per cent to £9.7m and

trading profits rose by \$200,000 to \$771,000, before taking account of interest charges of \$18,000 (\$59,000). Tax rose to £301,000 (£213,000) to leave available profits at £452,000, against a previous £289,000. Examings

improved by 2.7p to 7.7p. The directors say further capital expenditure this year will help sustain the com-pany's strong competitive position. Borrowings are not expected to rise significantly.

Davenport Knitwear advances to £1.1m

Davenport Knitwear, many facturer of knitted fabrics and garments, increased its pre-tax profits from £810,824 to £1.11m in 1985. The dividend is raised from 6.3p to 7.1p net, including a special 25th anniversary dividend.

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After dividends, which absorb £123,718 (£110,250) and tax up from £368,690 to £441,226, undistributed profit brought forward totalled £4.47m compared with £4.14m.

Transport merger

United Transport, a BET sub-sidiary, and Transport Development Group have agreed to merge their two heavy of a decline in North Sea oil activity and intense foreign competition.



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TOPS ESTATES Public Limited Company (Registered in England No. 1570543)

Placing of £15,000,000 10 per cent First Mortgage Debenture Stock 2011/2016 ("the Stock") at £99.073 per cent. per £100 nominal payable as to £25 per £100 nominal on acceptance and as to the balance of £74.073 by 28th July, 1986

Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange £1,500,000 of the Stock is available in the market on the date of publication of

Listing particulars will be circulated in the Extel Statistical Services and copies may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 4th June, 1986, from:

Quilter Goodison Company Limited. Garrard House, 31/45, Gresham Street,

London, EC2V 7LH. and until 22nd May, 1986 only, by collection from the Company Announcements Office, The Stock Exchange, Throgmorton Street. London, E.C. 2. 20th May, 1986.

FT LAW REPORTS

Limited partner's tax loss can exceed capital contribution

REED v YOUNG

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CHARLES OF THE

House of Lords (Lord Bridge of Harwich, Lord Brightman, Lord Mackay, Lord Ackner and Lord Oliver of Aylmerton): May 15 1986

A PARTNER whose liability for her firm's debts is limited to the amount of her capital contribution is not limited to that amount when claiming a tax loss, but is entitled to set off her agreed proportion of the firm's trading losses for e particular period against her tax for that period.

The House of Lords so held when dismissing an appeal by Mr Andrew Robert Reed, Inspector of taxes, from a Court of Appeal judgment upholding Mr Justice Nourse's decision that the Special Commissioners had rightly allowed an eppeal by Mrs Marjorie Young against a tax assessment for the year 1977-78. 1977-78.

Section 4(2) of the Limited Partnership Act 1907 provides:
"A limited partnership shall not consist... of more than 20 persons, and must consist of one or more... general partners, who shall be liable for all debts and onligations of the firm, and one or more... limited partners, who shall ... contribute... capital... and who shall not be liable for the debts or obligations of the firm beyond the amount so contributed."

Section 168 of the Income and

Section 168 of the Income and Corporation Taxes Act 1970 provides: "Where any person sustains a loss in any trade . . . carried on by him either solely or in partnership, he may . . make a claim for relief from incorporative or a reserve of him income tax on an amount of his income equal to the amount of the loss . . . (7) . . . the amount of a loss . . . shall be computed in like manner as the profits or gains arising or accruing from the trade are computed under the Income Tax Acts

Young became a partner in a limited partnership known as "Monday Films (3)" on March 28 1978. She paid a £10,000 contribution to the capital of the partnership.

The terms of the partnership.

The terms of the partnership were contained in a deed dated March 13 1978. Clause 5 provided (a) that losses should be borne as to 5 per cent by the general partner and as to 95 per cent by the limited partners; (b) that eech limited partners; (b) that eech limited partner should be entitled to bear the same proportion of the 95 per cent of the losses as his contribution, hore to the total capital of the partnership; and that the firm's debts.

The answer to the Crown's reference to the amount of contention could not be better stated than it was in Mr Justice. Nourse's indement [1994] STC Ourse's indement [1994 that no limited partner shall she would have been entitled be liable for the debts or to set off the whole of the obligations of the partnership beyond the amount of the should her position be any capital contributed by him."

The firm's accounting period liability to discharge the debts ended on March 31 in each year, and obligations of the firm is in the period to March 31 1978 limited to the amount of the

ended on March 31 in each year. In the period to March 31 1978 it incurred a trading loss of £550,073. The following year the trading loss was £643,124.

Mrs Young remained a partner during both years. The proportionate share of the loss eattributable to her for the first year was £41,144. To that was edded the proportionate share of the loss for the subsequent vear apportioned up to April 6 1978, amounting to £279. Thus Mrs Young claimed to have sustained a tax loss in the tax year 1977-78 of £41,423 and to set it off against her other income for that year pursuant to section 168 of the Income and Corporation Taxes Act 1970.

The Crown argued that because this was a limited partner, the loss a limited partnership in the year in question the statutory hasis a shown by the profit end loss account for the yeer, not with the relationship between the individual partners and the court of Appeal [1985] STC 25.29. "The loss under cop-

LORD OLIVER said that Mrs
Young became a partner in a limited partnership known as "Monday Films (3)" on March 28 1978. She paid a \$210,000 contribution in the capital of the partnership.
The terms of the partnership were contained in a deed dated March 13 1978. Clause 5 provided (a) that losses should be borne as to 5 per cent by the

the partnership in the year in question the amounts owing to them.

Under section 4(2) of the Limited Partnership Act 1907 a limited partner was not liable for the debts or obligations of the firm beyond the amount of capital contributed.

It was argued that it was a misuse of language to speak to Mrs Young as having "sustained" a loss of f41.4.23 when her legal liability for the debts of the partnership, if ealled in during the relevant period, could not exceed the £10,000 which she had contributed in March 1978 and an additional £5,000 she contributed in October 1978. If the creditors had, at the last moment of the year ending April 5 1978, demanded and sued for their debts, she could not have been made liable for a single peuny.

One could not subscribe to that reasoning. The profits and losses with which the court was concerned were the profits and losses with which the court was concerned were the profits and losses of the partnership from

An alternative argument advanced by the Crown was that Mrs Young's ahare of the partnership losses was defined by a combination of clause; 5 and 8; that the effect of the latter was to limit a limited partner's share of loss to the extent of that partner's interest in the partnership; and that the final proviso had the effect of defining the share of loss hy reference to the amount of capital contributed.

That was not eccepted.

whatever could be made to turn en the inclusion of the proviso at the end of clause 8 which merely reflected the provisions of section 4(2) of the 1907 Act. The appeal would

Their Lordships agreed. For the Crown: Robert Carn-

ror the Crown: Robert Carn-wath QC and Philip Vallance Solicitor, Inland Revenue). For Mrs Young: Michael Flesch QC and David Goldberg (Joelson Wilson & Co.).

By Rachel Davies Barrister

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ngnt satelds (3-6)

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14 System of weighing grains in ancient Greece (4)

16 In charge of engineering?

Course as stated is hazard to shipping (3, 4)

19 It's normal to state a time (7)

21 Group working both hemispheres requires credit up front (4)

25 South African mining share or old Iranian stock (5)

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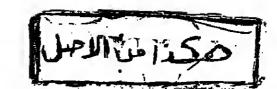
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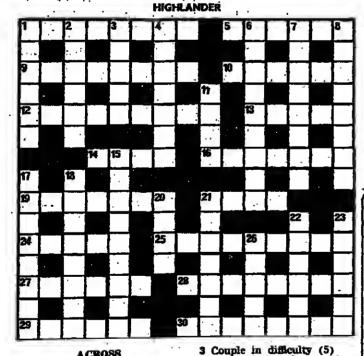
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F.T. CROSSWORD PUZZLE No. 6.026



ACROSS

1 Window opening on the harbour (8)

A You drill dropping nothing, but changing balance sensationally (7) 5 Border strike causes confusion (6)
9 Proposal to start work (8)
10 Pressure line linking island
with ocean ridge (6)

10 Victor the inferm through

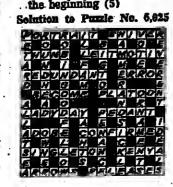
once they might have appeared (6)

28 Take more off in order to move faster (8) 29 Good man in an emergency -settled down after flying

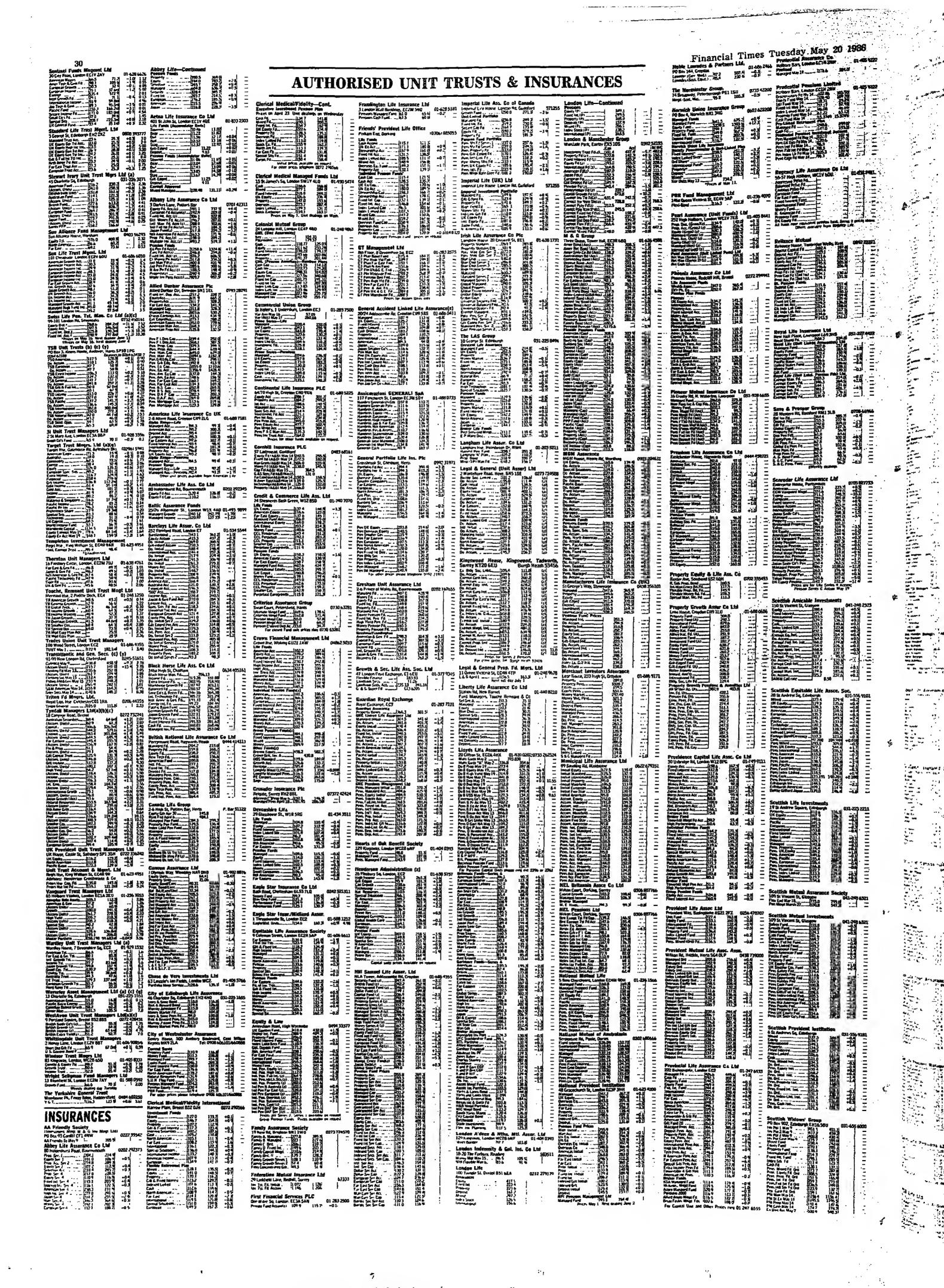
36 How to prevent having bad weather on holiday (8)

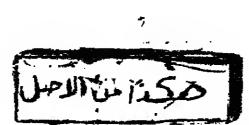
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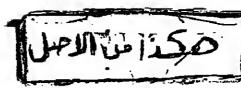
1 Backing for every fitting (8) 2 Referee, ever old-fashioned, turned up in a jacket (6)



6 Away from what is called the Spanish curse (9) 7 Party bills are not in proper







Financial Times Tuesday May 20 1986 **INSURANCE, OVERSEAS & MONEY FUNDS** EuroBile Assurance Group

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Rains save crops in south east US

By Nancy Dunne In Washington

LONG-AWAITED rains began yesterday in the south-east US, relieving a six-moath drought which farmers said was the worst in some areas

The rains came early in the day in Alabama and were forecast for Geargia end the Carolinas later on. Meteorologists said a ridge of high pressure over the south-east had been blocking rain for weeks, but it had finally been forced ont of the area.

Dr Gail Marteil, E. F. Hntton's chief meteorologist, said farmers can now proceed with planting maize, cotton, pearnts and soyabeans. Normal rains are now possible she said, along with good yields.

However, much of the winter wheat—in an area which produces 10 per cent of all US winter wbeat—has bean irretrievably damaged.
US winter wheet group
usually accounts for about
three-quarters of annual domestic production and generally sets supply and price direction for the crop

The drought bad been particularly hard on the deeply indebted farmers on the brink of bankruptcy.

One of the few bright spots in the producers' profit picture is the recent drop in USDA, farmers may save \$1bn to \$2bn this year in input prices, and farmers of high-eaergy-use crops, like rice, may save up to \$10 an

Lawer crude prices will eveatually dapress the costs af fertilisers, pesticides and electricity. However, farmers have already purchased many of the chemicals to be used this year and the link between crude and electricity rates is indirect. Meanwhile, Renter reports

that net US farm income in the current fiscal year is fore-\$30bn, down from \$29bn to \$32bn estimated for the 1985 fiscal year, the USDA said.

farmland values fell 12 per cent in 1985, continging the trend that began in 1981.

Land values could also be cial institutions market fore-closed land too rapidly, it

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending

THE DIVERSITY at Partu

last Friday) (tonnes) -1,650 to 143,600 +2,200 to 133,050

Copper Lead Nickel Tim .

Overhaul for Jamaican sugar industry planned

BY CANUTE JAMES IN JAMAICA

THE JAMAICAN government is athanol, undertake a six-year rebabilitation programma for tha island's sugar industry which will include the privatisa- market sugar. tion of the management of the industry begun last year when Tate & Lyle took over the running of the two state-owned 1984, the minister reported. Hs mills, which are tha island'a

Dr Percival Broderick, the Agriculture Minister, said the rebabilitation is expected to cost \$52m but be did aot disclose the source of the funds. The changes for the Jamaican industry include the tailaring of production to meet the island's quotas of 126,222 tonoes

per year to the EEC — all of which is shipped to Britain, 25,437 tonnes per year to the US and about 100,000 tonnes a year for the domestic markat. The changes in the fadustry are aimed at reducing losses. the minister said. The changes include diversifying the use of cane lands to other forms of

agriculture. The Jamaican government bad earlier announced that several thousand acres were to be takea out of sugar and used for wioter vegetables. Cane which was being consumed by one of the smaller state-owned

Tin price slump shuts Thai mines

ABOUT 221 of Thailand's 597 tin mines shut down in the first four months of 1986 because of the slump in world tin prices and about 9,300 workers, 30 per cent of tha Thai tin mining industry workforce, were thrown out of work, Rachan Kanjana-Vanit, president of the Mining Council said.

The world tin price slump forced another 166 Thai tin mines to cut production to only 10 per cent of capacity, accord-ing ta Mr Rachan, who estimated total That tin production in 1986 would be about 30 per cent less than the 23,022 tonnes produced in 1985. Output in the first two moaths af this year was 5,771 tonnes.

EEC food import muddle

farm commissioner Frans Andriesson that whether ex-

ports af food were allawed across EEC frontiers had be-

came a matter of chance.

THE Warld Bank said it has granted Thailand a \$60m loan for a Government project to replant 202,000 hectares af old rubber trees with higher-yield-ing varieties in the next four

The project will also provide assistanca in rubber processing and marketing and is expected to raise the incomes of about 10.000 familles who grow

Dr Broderick said a new com-

pany with private management

is to be established to store and

totallad 206,707 tonnes an increase of 14,400 tonnes on

sald early efforts at rehabilita-tion were already bearing fruit

with the eane to sugar ratio in the last harvest being 10.81

against a ratio af 12.36 in the

rubber project

Loan for

Sugar production last year

be takea out of sugar and used for wioter vegetables. Cane which was being consumed by one of the smaller state-owned mills which was recently closed is to be used ta produce to be used ta produce to meet radiation standards in the EEC cauntries to which was recently closed is to be used ta produce to meet radiation standards in the EEC cauntries to which they export.

ROBUSTA coffee futures suf-

	amated Metal Trading	
	Linofficial + or close(p.m.) — High	producers
Gash 3 months	766-8 +9.5 765 764-5 +2 771/7	
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Higher gra	eds Uneffic'l +or High/k	Gas Cil Judy \$138.5 1+4.5 \$124.75

Increase in wheat plantings

according to the Home-Grown Cereals Authority's 1986 plantings survey.

Althaugh early indications Wheat suggest that this year's harvest Barley will not show the record yields of two years ago, this could still imply that Britain Is on course to produce its second (wheat, barley, cats) 4,001 4,020 largest harvest an record. The HGCA said yesterday that the higher-yielding varieties of are estimated to be 1.8 per higher-yielding varieties of are estimated to be 1.5 per wheat evidently retain their cent and 23 per cent down attractions for farmers as e respectively.

profitable crop, in spite of the efforts of the EEC ta squeeze prices.

The HGCA estimates wheat the estimates wheat attractions which wars 2 per attractions to be 1.5 per cent down are estimated to be 1.5 per cent down are estimated to be 1.5 per cent down are specified.

THE AREA sown to wheat in this year to 1.99m bectares, authority reckons that UK wheat the UK appears to have This appears to bave taken yields this year will be someresumed its upward trend place at the expense of barley following a setback in 1985, and oats, plantings af which

UK CEREAL AREAS

7.026	1,001
939	925
133	102
4,001 Cereals Au	4,020
	7,026 939 133

plantings, which were 2 per astrous harvest in 1985.

cent down last year, bave risen
by 4.6 per cent for barvest achieved in recent years, the toones respectively

tonnes. The HGCA says this remains a possibility although considering the current state of the crop, it "seems unlikely."

Barley production could range

where between their 1984 and 1985 levels. If yields are as poor as last year, when productian was depressed by the wet and windy summer, the plant ings estimate suggests that wheat autput could tatal 12.4m tannes. But if they are as high as in 1984, production could reach a new record of 15.33m

hetween 9.43m and 10.78m tonnes, giving a total cereals barvest of between 22.27m tonnes and 26.62m. This compares with the 1985 figures

Court battle over ewe clawback

Special Expart Certification organisations, the Associatian of SECI arrangements under which ewes were exempt from the taxes charged an lamb and ather sheepmeat exports.

The tax is knawn as "claw-back" because it is designed to the resulting particular of the resulting af European law."

backed by British larming that we mean business."

The Associatian of British Abattoir Owners and the Federatian of Fresh Meat High Court ta refer the case to the European Court af particular of the resulting involve "important questians af European law."

BRITISH sheep fermers and exporters are taking the European Commission to court in a bid to remove what they describe as e discriminetary tax ewe shipments et 50 per cent exports of ewes and other exports of ewes exports of ewes and other exports of ewes exports of ewes exports of e

The cese. which is expected to be beard in Londan's High Court this Thursdey, is the latest move in a spate af litigetion stemming from the EEC's decisian ta end the so-called backed by British farming the Association that we mean business."

The UK Government has altern, "said Mr Simon Gourlay, presideat af the National Farmers' Union.

"We said when this decisian was announced that we would fight this case ta the bitter end, and this demanstrates that we mean business."

-2,700 to 59,475 ather sheepmeat exports.
The tax is knawn as "clawback" because it is designed -870 to 57,790

-870 to 57,790

-650 to 50,075

(ounces)

-6,000 to 37,062,000

| back " because it is designed the effects of special subsidies (variable premiums) paid ta Britisb sheep farmers and prevent continental markets being flooded with cheap meat on which na variable with the resulting thrower important questians charges imposed upon them by the Britisb autharities. They argue that it is invalid under the payargue that it is invalid und

an shipments of ewes from the of the rate for lambs. UK to other EEC couotries. The UK Government has altion," said Mr Simon Gourlay.

A letter from Portugal

guese farming is such that it is impossible to assess with any accuracy its future under the Comman Agricultural Policy eomponent aecupying 25 per cent of the population, the majarity of wham would be classed as peasants, tending tiny farms an poor ar mauntainaus soils with buman muscle By John Cherrington assisted by borses, mules, oxen and the very occasional tractor. The grain crops range from crops naw are rice, tomatoes the very moderate to excellent sunflowers, melans and other Faced with such a prospect, the conventional agricultural reformer would be impelled ta 3.2 tonnes per hectare—half the

amalgamate farms and decimate the farming populatians. But this would simply drive many inta the clties to jain the 27 per cent already unemployed. I first visited Estremoz, which is set in a rolling table land due east in a rolling table land due east in Lisbon and near the Spanish border. It is very similar in appearance ta Western Australia, e marvellously clear light, a red soil with woods, plaatations and single trees af cork aak, alives and eucalyptus. On the modern farms, the trace here here eleared to make big fields, but even they have little clumps of woodlends around which the

soil is cultivated. full of growth and going to seed, lightly stocked by conventional standards. I was told that would be little rain until October and much of this growth would be eaten as standing bay during the long bat summer. The animals were summer. The animals were summers of such as a standards of such as a standards. I was told the only way to make such to add value to their basic products. There is a good sympathetically by the Council example in port wine. 150 of Ministers and that the summer against the summer of products are farmed in the EEC and it will bave to come dawn ta that leval. Then the only way to make such to add value to their basic products. There is a good sympathetically by the Council example in port wine. 150 of Ministers and that the summer of Planet sales: 63 lets at 50 carcases.

There is scope far irrigation years aga it was faund that bureancratic inflexibility of the grapes ripened in the products. There is a good sympathetically by the Council of Ministers and that the summer of Planet sales: 63 lets at 50 carcases. Beef sales: a loss of 20 sides.

Beef sales: a loss of 20 sides. Beef sales: a loss of 20 sides is representative markets.

Tagus Valley I saw a variety of reaches of the Duro Valley in these peasant people Otherwices of the port with parts of Portugal inta planet.

Farmers in this situation look the EEC It la hoped that its products. There is a good sympathetically by the Council of Ministers and that the summer against a product of the products. There is a good sympathetically by the Council of Ministers and that the summer against a product of the products. There is a good sympathetically by the Council of Ministers and that the summer against a product of the products. There is a good sympathetically by the Council of Ministers and that the summer against a product of the products. There is a good sympathetically by the Council of Ministers and that the summer against a product of the products are products. There is a good sympathetically by the Council of Ministers and that the



everage in the UK—and this ia the important point: three ar faur times that to be expected in the west Australian wheat belt. The national average in Portugal is less then one tonne a bectare. The causa is water-lagging in the 30-inch winter rainfall and the long summer drought, which reduces yields of even the most promising crops. The commercial farms employ at least double the staff employed in Britain, and many times that in Australia, and techniques are good. But these are the best. Much land alang the roadside is poorly farmed. unfenced and the stock herded. The wheat price in Portugal

The pastures at this time are is at present about dauble that marketing, and it is a vary all of growth and going to in the EEC and it will bave to crowded market.

ing bay during the long bat summer. The animals were herds of suckler cows and merino sheep and the ewes are milked far making cheese.

with parts of Portugal. In the grapes ripened in the npper reaches of the Duro Valley in the north made the best raw these peasant people. Otherwise material for port wine. I they will wonder if it was sent far cattle grazing. The main travelled six haurs by winding sible to join Europe at ell.

Common Agricultural Policy will not be imposed too hard on these peasant people. Otherwise fall will wonder if it was sent travelled six haurs by winding sible to join Europe at ell.

(**Ida **Commussion** Avarage** letters of the Duro Valley in these peasant people. Otherwise fall (**Ida **Commussion** Avarage** letters of the Duro Valley in these peasant people. Otherwise fall (**Ida **Commussion** Avarage** letters of the Duro Valley in these peasant people. Otherwise fall (**Ida **Commussion** Avarage** letters of the Duro Valley in these peasant people. Otherwise fall (**Ida **Commussion** Avarage** letters of the Duro Valley in these peasant people. Otherwise fall (**Ida **Commussion** Avarage** letters of the Duro Valley in these peasant people. Otherwise fall (**Ida **Commussion** Avarage** letters of the Duro Valley in the period in the npper visit not the provided in the number of the north made the best raw these peasant people. Otherwise fall (**Ida **Ida *

sunflowers, melans and other vegetables. The land is let to farmers far the individual crops and rents are bigb enough to make it a family aperatian far the most part. This is very labour-intensive farming with each farmer hiring an area by the year and working it with his family. Muscle plays e key role because the levelling bad been irregular and hand work
essential. A ratianal solutian
would be what is called laser
levelling, which would have
meant mechanising the whale

There is any amount of scope far extending and intensifying irrigation but the Italians in the Po Valley and the farmers in aanthern Spain are a long way ahead in techniques and

ads inta the mauntains to where the vineyards are ter-raced an age-in-one slapes and all work is dane by hand.
Rainfall is low and much of
the soil thin and, where not in
vines, a picturesque waste of rock and beather reminiscent

af Scatland. The characteristic here is an extreme summer beat which ripens the grapes in a way not found in easier surroundings. British interest in port is falling but the other Europeans are catching an. This added value is essential for the wine industry in these difficult surroundings. Otherwise Portu-

guese wines — including some excellent whites I tasted — will get lost in the wine lake pro-duced by their competitors. Pioneers, some of them British, are growing new high-value crops of watercress, kiwi fruit and other specialities.

I believe Portuguese farming will need many years af transitian to bring it into step with the rest af the EEC—far longer than the four to seven years eliatted now. Its markets could be swamped by its much more sdvanced nelgbbours in France, Spain and Italy,

Because it was judged ex-pedient ta bring Partugal inta

SILVER Bulfion + or L.M.E. par Fixing price p.m. unoffic LMS:—Turnever: 33 (23) lots of 12,000 oz. Cash, high 334p, low 330p, three months high 340p, low 338p, final karb 332-4p.

MEAT Pigment rose in strong treding con-ditions on the back of firms; physical prices, reports Enstern Capital CCST. PIOMEAT Y'days + or Y'days + or | May | 108.40 + 0.50 | 194.00 - 1.00 | June | 108.40 + 0.50 | 194.00 - 0.00 | Jule | 108.40 + 0.50 | 185.60 + 0.50 | 8ep | 107.90 + 0.60 | 185.00 | -Month_

LONDON MARKETS

INDICES

REUTERS

DOW JONES

May 10 May 16M'th ago Year ago

1765.0:1764.5: 1795.0: 1844.4

(Beze: September 18 1831-100)

Dow May May Month Year Jones 15 24 ago ago

Spot 128.25 128.65 — 118.35 Fut 131.81 122.26, — 122.36

(Sese: December 21 1931-100)

MAIN PRICE CHANGES

Nickel 198,2960 178,1986 Free Mkt 198,2960 178,1986 Patterium oz 5409,50 4,25,413,55 Patterium oz 5409,50 4,25,413,55 Statistikum \$2,820,250 22,231,238

fered another setback yester-day following their recovery in the second half of last wek but closed above their lows of the day in splte af a wave of largely technical selling in New York. The July position closed at £2,009 per tonne, down £30.50 from Friday. Dealers said the market was largely unmoved by the American sell-off, although some af the recent support for prices provided by reports af eald weather in Brazil ahead at the key harvesting period has begun to wear off. The sugar futures market also fell in late trading yesterday, propelled by commission house and stop-loss selling, with the October position down \$10.40 at \$172.10. Dealers said sentiment may heve been partly depressed by unsuccessful buying ten-ders held by Iraq and Bangla-desh at the weekend. LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

TRADERS in Brussels spoke af "total anarchy" on fruit and vegetable merkets following the Chemobyl accident
The European Union of Fruit
and Vegetable Wholesalers told

copper							
	OTHERS						
ligher grade Uneffic'l + Or High/low	Cocon Ft. July 21291,5 -7 (£1418,25) Coffne Ft. July 22009 -50.5 £2396.5						
ash 935-6 4 936 months 946-6.5 -3.25 954/948	Cotton A ind. 45.40c						
* Grade "A"	Sugar (12W) S1870 +0.5 \$196.5 Wooktops 64s 425p kilo +2 422plue						
athodes 280-1 1 220 months	t Unquated. † Par 75-lb flask. c Cents per pound. w June. x May- June. z July. u June-July. Cotton Cortook						

COCOA

COFFEE

Sales: 1,020 (1,365) lots of

ICCO indicator prices (US cents per pound). Beily price for May 19: 86.77 (86.88); five-day everage for May 20; 86.27 (86.72).

LEAD

	Cash 'close (p.m.) ; High/low 5 months' £ per tonne
	945-5 + .75 248-245.5 248-2.5: -1.75 248.5.249
	Official closing (am): Cash 245.S-6.5 (243.5-4), three months 249.5-50
į	(247.5-9), settlemen; 248.5 (244), Final knrb closn: 247.5-8. Turngvar 11,850

Official closing (am): Cash 958-8.5 37-7.5). three mooths \$49-50 46-6.5). settleman; 938-5 (937.5).

. € per tonne	COFFEE
Cash 2560-70 -32.5! -3 months 2720-5 -30 12755:2720	CONGO, OPERED COM MILE INTOINE
28/cral closing (am); Cash 2685-95 (2686-90), three manus 2741-2 (2745-50), serilement 2695 (2690). Final kerb close; 2720-30, Turnover 1,506 tohnes.	hight selling lowering prices by £00 by middy, The merkel found support at £2,000 on Joly writh good trade and commission house buying. How York came under heavy pressure phroughout the afternoon, making the arbitrage of nerrower. London held well and despite New York's weakness railled stightly, reports Drexel Barnbam Lamber.
Official clasing (am): Cash 920-2	

Official clasing (am): Cash 920-2 (915-20), three months 932-6 (933-5), settlement 922 (920). Turnover: 37,175 tonnes. US Producer prices 66-71 cents par lb.
KAULA LUMPUR TIN MARKET: Clase 14,00 (14,04) rinagit per kg.
Down 0.04 ringgit per kg.

High grade	Unofficial + or close(p.m.) - High/low
Cash 5 menths	451.5-2.526 - 463-4 + .25 464/462
(453.5-4), settlement close: 463	closing (am): Cash 4\$1-1.5 three months 462-3 (464.5-5), 451.5 (454). Final kerb 4. Turnover: 8,650 tonnes. Western: 33.60-35.75 cents

GOLD

Gold fell to \$2½ to \$340%-341% on the London bullion market yesterdar. The metal spened at \$342%-342%, and was fixed at \$342.05 in the merning and \$340.80 in the afternoon. It touched a peak of \$342%-342%, at the opening, and a low of \$339-340%. GOLD SULLIAN (fine ounce) May 12

GOLD AND PLATINIES CORRE Krg'rnd, \$5414, \$48 k Krug. \$1794, 18012 k Krug. \$1194, 18012 k Krug. \$114, 99 k Krug. \$27, 374, 484, 345, 77 Mapteleat \$551, 55112 Angel \$253, 355 k Krug. \$214, 2514, Mapleleaf 3603-353-355 Argel 3553-355 1/10 Angel 3541-321, New Sov., \$811-81⁵, Old 30v. B8712 89 820 Engle 3430-470 NoblePlat \$425-4501₂

SILVER

Silver was fixed et 332.1p an eunce
in the London bullion market yester
dny, unchanged from Fridny. US carri
oquivalents of the fixing levels were
apor 505c. down 1.15c; three-month
513.75c, down 0.65c; aix-month 522.5c,
down 0.75c; and 12-month 540.9c, up
0.3c. The metal opened at 334-335-20
(606-508c) and closed at 327-2-329c
(497-499c).

5 per tonne F.O.S.

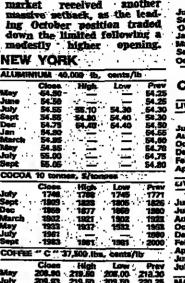
US MARKETS

PRECIGUS METALS lost

ground with sliver suffering

the heaviest losses as it plunged to new contract lows on fund liquidation following a succession of technically weak performances, reports Heinold Commodities, Piatinum and gold managed to hold important support levels. Copper sold in sympathy with silver, wit blosses exaggerated The oil markets continued to add to their recent technical strength, as the firm close before the weekend seemed to encourage another assault on technical resistance levels in the crude contract. The softs fared badly, with coffee lesing at ane point ever 19e in the limitless July contract.

in the limitless July centract.
Forecasts of warner weather
in Brazil encouraged liquidation of speculative longs
established in the second half
of last week. The sugar
market received mother
massive retiack, as the leading October position traded
down the limited following a
modestly higher opening.



COPPER 25,000 lb. cents/lb

CRUDE OIL (LIGHT) 42,000 US gallons, S/herrels

CHICAGO LIVE CATTLE 40.000 lb, cents/tb | May | 213.3 | 213.5 | 212.4 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 | 213.5 62.46 63.06 82.50 62.85 63.45 62.75 63.26 63.80 63.10 63.85 64.20 83.65 63.87 64.10 64.86 64.10 64.40 64.86 64.10 64.70 64.86 64.10 | Prov | Prov | SOYABEAN AREAL 100 tons, \$/ton | 15.40 | 15.59 | 147.0 | 147.0 | 144.3 | 148.0 | 14.80 | 14.70 | 149.2 | 147.2 | 148.5 | 14.80 | 14.70 | 149.0 | 150.0 | 149.2 | 147.2 | 148.5 | 14.80 | 14.80 | 14.80 | 14.80 | 150.0 | 150.0 | 149.2 | 147.2 | 148.5 | 14.80 | 14.80 | 14.80 | 150.0 | 150.0 | 149.2 | 148.5 | 148.0 | 14.72 | 14.80 | 14.80 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 SOYABEAN 21L 60,000 fb, cents/lb

8.73

High Low 342.6 340.7 348.3 340.0 346.5 348.3 340.0 363.0 350.0 355.0 356.5 369.0 357.5 367.9 370.5 370 Sales: 3,335 (4,170) lots of 5 tonnes. ICO indicator prices: (US cents per pound) for Mer 16: Comp. daily 1973 179.54 (179.04); 15-day average 186.28 (187.29). Dec 373.6 Feb 378.3 377.5 377.5 HEATING OIL 42,000 US gallons. 373.6 — 376.6 378.3 377.5 377.5 381.0 S gallons.

Low Prev 44.90 44.54 July 262.2 265.0 256.4 44.55 44.12 Sept 262.2 265.0 256.4 44.56 44.12 Sept 262.4 266.0 261.0 44.57 May 262.2 269.0 262.9 45.30 44.57 May 264.0 269.0 262.9 45.30 45.37 Sept PRICES—Chicage loose 45.12 45.77 La50 (earne) cents per pound. 46.50 45.82 and harmen silver builton 45.00 46.37 (506.0) cents per tray sunce. SOYABEAN MEAL +0.58 +0.25 123.3 +2.25 123.3 +0.40 +0.25 +0.66

June 125,2 128, 4 0,55 August 122, 122,7 +0,25; 13: October 125,5 123,7 +2,33 12; Dec. 125,5 126,9 +0,49 Feb. 125,6 126,6 +0,49 Apr. 125,6 126,5 +0,56; June 125,6 120,5 +0,56; June 125,6 120,5 +0,56; Sales: 55 (335) late of 20 ton GRAINS

Old crop whest found July long-liquidation with a good volume of ahipper to shipper archanges. New crops eased on marchant selling before recovering on ahipper support, mports T. G. Roddick. WHEAT BARLEY

May... 116.00 -0.35 115.50 -0.25 duly 114.40 -0.85 -0.25 98.36 -0.28 Mov... 102.05 -0.25 121.45 -0.16 Mar... 108.20 -0.50 104.60 -0.96 Mar... 108.00 -0.50 107.50 +6.56 LONDON GRAINS—Wheat: EEC: May 122.0. English feed, lob: Juns 119.50-113.00 peid, East Coest, May 118.00-113.00 peid, East Coest, May 118.00-113.00, June 119.00-120.00, Sept 100.50-107.00, Oct/Dec 108.25-106.75, Malze: US No. 3 Ynilow/Fmnch, Iranahipment East Coest: May 140.00, Barley: English feed, lob: June 121.50 eallor, HGCA—Locational ex-from npot prices. Feed barley: Eastern 113.80, E. Mide 11S.80, Scotland 11S.50. This UK monetary coefficient for the weak beginning Monday May 25 (based on MGCA calculation using four deys' exchange rates) is expected to remain unchanged.

HGCA calculations using four days exchange rates) is expected to remain unchanged.

Susiness dene—Wheat: May 116.10-5.50, July 114.65-3.50, Sept untraded, Nov 102.05-1.35, Jan 105.25-5.10, Mer 108.20-7.98. Sales: 376 lots el 100 tonnes. Barley: Mar 115.75-5.50, Sept 98.55, Nov 101.45, Jan 104.75-4.55, Mni 107.55-7.50. Sales: 43 lots of 100 tonnes.

SUGAR Tate and Lyle delivery price for granulated basis sugar was £228.50 (£226.00) a tonne for export.

Sales: 3,132 (3,200) lots of 50 Soles: 3,132 (a,444) tonnes.
LONDON DAILY PRICE—Ray sugar \$187.00 (£123.50), up 50c (up £1.50) a tonne for June-July delivery. White sugar \$205.00, down 50c.
Reports that Chins had purchased three cargoes over the weekend sided sentiment initially but prices fell back later, reports C. Czamikow, international Sugar Agreement—(US

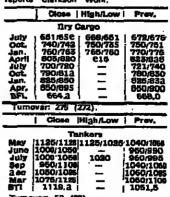
cents per pound fob and stowed Caribbean ports.) Prices for Mar 16: Daily price 7.60 (7.61); 15-dar everage 8.22 (8.25). No. 6 cii—Aug 184.2-188.0, Oct 189.2-191.0 Seles: 7 lots of 50 tonnes.

POTATOES

The market initially relied £2 in response to lower than expected plenting figures and a poor weather forecast. The strength was short-lived as keen selling emerged si £112, banes April. The afternoon remained quiet, reports Coley and Harper. Yesterdays Previous Business close close dosn

£ per tonne 86.50 | 67.00 | 86.66 84.56 | 10.50 | 117.00 | 118.00 | 118.00 | 124.50 | 87.60 | 87.60 | 87.60 | Sales: 339 (707) lots of 40 tonnes. Earlies—Jrty 108.50, +2.50. Soles: 0 lets of 12 tonnes. FREIGHT FUTURES

Dry carge rates lell against rumours of niightly lower mass. Tonker futures advanced lurther, but interest was confined to the May position. There was no fresh news in the background, reports. Clarkson Wolff.



Tumover: 52 (28). RUBBER

PHYSICALS—The London merket opened slightly steadler, leaund very little interest throughout the day and closed neglected, reports Lawie and Pasi. Closing prices (huyare): Spot 57.00p (56.50p); June 54.75p (64.25p); July-54.50p (54.00p). The Koalis Lumpur lob prices (Melayatoo carres per kg): RSS No. 1 was 199.5 (198.5) and SMB 20 184.5 (seree). FUTURES—Index 542, June 538-544, July-Sept 538-544, Oct-0ce 542-555, Jan-March 552-557, April-June 565-570, July-Sept 568-573. Salex: 27.

Prev 333.0 264.2 285.2 275.0 275.4 267.0 lend Hardy 498.0 Latest + or — BRUDE OIL-FOR (5 per barrel)-June

Petrolous Argus estim Turnover: 1.799 (2,415) lots of 100 Turnover: 1.798 (2.415) lots of 100 tonnes.

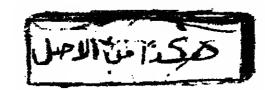
In the petroleum products market, asa/oii prices were talked firmer in very thin trade dus to the European holiday. Niphths prices moved up on demend ler gesoline and U6 interest. Talk on 15-day June Brent firmed in sympethy with the Nymex, with most trade in July sod August bnirels. Nymex Wil opened 26c up and finished 56c up on the opening by 1.30 pre EDT—Petroleum Argus, London.

GAS OIL FUTURES 8 US

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing Mar 12 amsunted to 394 tonnes against 1,288 tonnes in the previous week. Fair trading was seen with inferest in Colombian. East and Wast African. Paklarem Russian, Peruvian and Ismeli growths.

TEA There were 38.049 packages an offer st the London Ton Auctions, including 11,400 packages in the offeners section, reports the Tea Brokers' Association. This market continues to be very selective and only the brightest Africans and Caylens remained firm. Mediums proved irregular and closed 2-10p per kill lower while plainer descriptions followed a similar pattern with many withdraweis. The offshem offenings also mat a selective response and declined by 2-4p where seld. Questions: Questing 130p a kg (190p): Medium 130p a kg (142p); Lew medium 84p a kg (30p).



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Fed official's speech lifts dollar

1 7 ...

WENGER SARE

MILL

The state of the s

±€0

The yellow tight is flashing for the dollar according to Mr Gerald Corrigan, president of the Federal Reserve Bank of New York, and the Bank of the Federal Reserve Bank of the Scanner of the Bank of the West German Bundesbank, last week.

In very quiet trading yesterday, reflecting the Closures of the West German Bundesbank, last week.

In very quiet trading yesterday, reflecting the Closures of the West German Bundesbank, last week.

In very quiet trading yesterday, reflecting the Closures of the West German Bundesbank, last week.

In very quiet trading yesterday, reflecting the Closures of the West German Bundesbank, last week.

In very quiet trading yesterday, reflecting the Closures of the Bank of Japan and the Strict of the West German Bundesbank in the long term any advance weuld be limited by economic fundamentals, particularly the very large US trade deficit.

The threat of intervention by the Bank of Japan and the Bundesbank, supported the deficit of the Good of the Goo

POUND SPOT-FORWARD AGAINST POUND

Day's apresd	Close	One month	% p.a.	Three	Z. D.a.
1.5140-1.5200	1.5175-1.6185	5.48-0.45c pm	3.68	1.22-1.15 pm	1.16
2.0837-2.0917	2.0887-2.0917	0.39-0.30c pm			
	3.80-3.81				4.20
66.80-69.11					2,12
12.48 - 12.53					2.34
1.1085-1.1140		0.05p pps-0.05 dl			
3.364-3.384					8.48
					- 10.47
					-2.29
					-2.07
	11 463- 21 471				3.47
			3.42	07 10-8 018	
					3.02
2011 2001					-5.65
					5.28
		114-37gro par			5.01
2.804-2.83	2.82-2.83	13-13c pm	5.37	43-34 em	5.68
	aprend 1.5140-1.5200 2.0637-2.0917 3.791-3.1918 68.80-69.11 12.487-12.53 1.1065-1.1140 3.367-3.381, 2207-2247, 213-2741, 2,311-2,3227,	8prend Close 1.5140-1.5200 1.5175-1.5185 2.6937-2.0917 2.0887-2.0917 3.793-3.91 3.80-3.81 68.80-63.11 68.95-69.05 1.1085-1.1140 1.1110-1.1120 3.367-3.281 3.281 2203-2244 222-223 212-2144 222-223 212-2144 2247-2.3174, 2174-2147, 2171-678, 10.729-1.0.84 10.729-1.0.84 10.729-1.550, 205-256 250-2554 225-256	### Close One month 1.5140-1.5200 1.5175-1.5185 5.49-0.45c pm 2.0827-2.0917 2.0827-2.0917 3.79'+3.31 8.90-69.05 12.482'+12.531 3.80-3.51 88.90-69.05 17.12c pm 17-12c	### Close One month p.a. 1.5140-1.5200 1.5175-1.6185 5.48-0.456 pm 3.68 2.6827-2.6917 2.0827-2.0917 0.38-0.306 pm 1.98 88.95-69.05 89.95-69.05 11-126 pm 1-126 pm 1.98 11.482-12.53 12.492-12.592 27-2207 pm 2.40 1.1085-1.1140 1.1110-1.1120 0.056 pm-0.05 dia 2.40 1.1085-1.1140 1.1110-1.1120 0.056 pm-0.05 dia 2.40 2.202-2204 222-223 224-224 22-2312-2242 224-2242 225-256 dia 2.512 2.11-2.2212, 2.1182-2.317, 4-8184 dia 3.11 11.462-11.524 11.462-11.474, 55-44-0re dia 3.11 10.724-10.774 10.754-10.754, 34-24.6 pm 3.12 10.724-10.774 10.754-10.754, 34-24.6 pm 3.12 10.724-10.775 10.754-10.754, 34-24.6 pm 3.12 11.452-2564, 225-2566 11-119 pm 5.57 2.371-2.123 21.72-23.76 113-37-370 pm 5.47	### Close One month p.a. months 1.5140-1.5200 1.5175-1.6185 5.48-0.45c pm 2.0827-2.0917 2.0827-2.0917 0.38-0.30c pm 1.70-1.321 88.95-0.05 11-12c pm 1.482-12.53 12.482-12.50; 27-23.00c pm 1.1085-1.1140 1.1110-1.1120 27-23.00c pm 1.1085-1.1140 1.1110-1.1120 0.05p pm-0.05 dia 2.325-3.284 27-2.384 27-2.50c pm 2.202-2204 22-223 213-2144 22-22-23 213-2144 22-22-23 214-2147 25-55c dis 2.71-2.217 4.88tre dis 11.462-11.524 11.462-11.474 57-44.0re dis 10.724-10.774 10.774 10.754-10.754 37-24c em 10.724-2564 21-2-274 pm 11.462-274-274 pm

Belgier rate is for convertible trancs. Financial tranc —, Six-month forward doller 2.16-2.08c em. 12-month 3.53-3.38c pm

DOLLAR SPOT-FORWARD AGAINST DOLLAR

May 19	Day'n apread	Close	One month	% e.s.	Three	% e.e.
UKT	1.5140-1.5200	1.5175-1.5185	0,48-0,45c pm	3.68	1.22-1.18pm	3.10
Ireleod†	1.3631-1.3690	7.3680-1,3690	5.41-0.34g pm		1.15-0.55om	. 3.07
Canada	1.3746-1.3770	1.3760-1.3770	0.17-0.20c disk		0.50-0.55dla	-1.5
Nathlad.	2,5015-2,5100	2,5060-2,5070	0.18-0.16c pm		5.73-0.70om	1.14
Bolgium	_	. 45.40-46.50	3-5c dia		3-13 dis	-0.5
Denmark	9.234-9.24%	8.234-8.234	per-yore die		3-13 dis	-0.4
W. Ger.	2,2200-2,2300	2.2250-2.2260	5.52-0.49pf pm		1.36-1.31 pm	
Portugat	1482-1491	1481-149	100-250c dis		300-700dia -	- 13.42
Spain	140.70-141.28	141.05-141.25	50-85c dis		160-190 dla	-4,50
taly	1,524-1,529	1,526-1,527	61-Blire die			-5.22
Norway	_	7,654-7,554	4.50-4.50ore dis			- 5.54
France	7.07%-7.09%	7.0837.094	5.10-0.20c dis	~ 0.25	5.30-0.50dls	-5.22
Swaden		7.115-7.114	2,65-2,950°s dis		8,50-7,00ds	-3,79
Jepan	167,55-168.70	168,20-168,30	e.35-0,32y pm		e.97-0.93 pm	2,25
Auetris	_	15.60-15.65	3-2gro pm		8-6 pm	2.87
Switz.	1.8500-1.8650	1.8605-1.8618	8.44-0.35c pm		1.19-1.14c pm	2.52

EXCHANGE CROSS RATES

mpy 12		·•	7766	YEM	FFT.	DFI.	NFL	mus 1	0.5	S Fr.
£.	0.669	1.618	8.876 8.885	255,5 168.5	10.76 7.090	2.828 1,861	5.805 2.507	2817. 1527.	2.090 1.577	62,00 45,45
PM	5.896 5.914				3.187 42.12					
S Fr.	0.929 0.854		3.138 1.19e	237.4 90.44	5.810	2,625 1.	5.586 1.547	5163. 820.5	1.942 0.740	64.11 24.42
HFL.	0.265 0.432			67,15 110 5						
GS BFr.	1.440		4.895	370.5	16 60	4,094	6.514	3358,	2,029	33.01 100,
Yen per	1,000:	French	Fr per	10: Lire	per 1,4	000; Be	ig Fr s	er 100,		

EURO-CURRENCY INTEREST RATES

May 18	Short	7 Days notice	Month	Three Months	Six Months	Year
Storling	105g-1054 e7g-7 754-814 654-7 214-21g 474-47 71g-714 12-17	103g-107g 6/k-7/g 77g-03g 514-51g 21g-24g 4/g-71g 71g-71g 1514-1514	10 % 10 % 7-718 818-818 514-858 41-418 718-714 1214-1518	104-104- 7-718 8-8-8-5 5-8-5-8- 4-2-458 4-8-41- 7-18-716 1178-15-58	2%-16%- 7%-7%- 8%-8% 6%-5% 4%-4%- 7%-7% 1168-12%	954-878 716-714 85-85-55-4 416-45-6 46-414 714-78-11-4-12-12
B.Fr.(Fin) B.Fr.(Con) Yen D. Krona Asian 8 (Sng)	836-858 836-856 456-416 8-816 7-716	8-81s 434-47s 8-61s 7-71s	8-814 718-839 5-5-2 734-814 7-718	776-818 74-814 4/8-412 719-8 7-714	709-778 712-8 413-479 718-8 718-72	740-756 712-8 416-412 714-814 714-712

FINANCIAL FUTURES Quiet trading

Prices were little changed in this Londoo Instructional Floan-els! Futures Exchange yesterday.

Tradiog was inhihited to some however aheed of UK PSBR extent by the closure of most figures. expected to show an Europeao centres fer a public holiday. The Juoe price for leng gilts opened at 123-31 and rose

An actual figure of £0.86bn

and prompted a raily in the Juna price from a low of 123-28. close at 123-29 up from 123-28 sn

THREE-MONTH EURODOLLAN

June 52.92 Sept 92.85 8. Tec 82.76 62. Veh 51.92 92.55 \$2.03 \$1.80 Vanne 3,447 (7,532) Vay'n open int. 22.04

US TREASURY BONDS 8% \$100,000 32nds of 100%

CURRENCY FUTURES

POUND - \$ (FOREIGN EXCHANGE)

Spot 1-mth. 3-mth. 6-mth. 12-mth 1.5180 1.5134 1.5060 1.4969 1.4835

Latest Fligh Low 1,5155 1,5170 1,5115 1,5045 1,5070 1,4995 1,4950 1,4950 1,4900

LIFFE-STERLING £25,000 \$ per E

IMMA-STERLING Se per C

Friday.

Three-month sterling deposits showed little everall change, reflecting little change in cash markets and a reduced prospect of an early cut in UK clearing bank base rates. The June contract epened at 59.95 dewn frem \$9.99 on Friady and teuched a high of 89.98 before easing to 89.86. It closed at \$9.08.

was much bettor than expected

LIFFE LONG LIFE GILT FUTURES OPTIONS	LIFFE US TREASURY BOND FUTURES OPTIONS
Strike Calls—Last Puts—Last	Strike Cells-Last Puts-Last
orice Jump Seol Dec Mar June Seel Dec Mar	price Capt Dec Mar Junn Capt Dec Mar June
116 7.68 8.40 6.06 6.34	MA 7.33 7.43 0.63 1.57
110 5.58 5.63 — — 0.00 0.67 — —	30 8.03 8.23 1.33 2.37
120 3.56 5.33 0.00 1.27	82 4.45 5.13 2.14 3.27
122 2.01 4.14 — — 0.07 2.08 — —	94 2.81 4.12 3.67 8.25
	96 2.46 3.21 4.12 5.35
128	
100 1100 — - 5.00 (101	
Estimated volume total, Calle 1.336, Puts 263	Estimated volume total, Calle 42, Puts 61
Estimated volume total, Calle 1.336, Puta 263 Provious day's open int. Calls 10,767, Puta 3,860	Previous day'n open int, Calls 511, Puts 431
LIFFE E/S OPTIONS	LONDON SE E/S OPTIONS
125,000 (cents per £1)	£12,500 (cents per £1)
etrika Calle-Lest Puts-Last	Strike Calls—Last Puts—Last
price June July Aug Sept June July Aug Sept	price June July Aug Sept. June July Aug Sept
1.30 21.88 21.88 e.00 0.14	1,30 24,80 24.80 6.15 0.26
1.35 15.88 18.88 - 16.88 0.00 0.06 - 0.44	1.35 22.20 19.00 0.20 0.50
1.40 11.88 11.88 11.88 11.88 0.05 0.31 0.84 1,13	1.40 12.40 12.40 0.00 12.40 0.20 5.70 0.00 1.40
1.45 5.89 7.24 7.74 7.87 5.35 1.08 1.99 2.43	1,45 7,00 7,30 7.90 8.10 0.50 1.40 2.20 2.90
1.50 3.19 3.95 4.73 4.95 1.70 2.79 3.98 4.61	1.50 3.30 4.00 4.80 8.30 1.90 3.00 4.30 8.10
1.65 1.05 1.81 2.61 2.87 4.56 5.65 8.06 7.43	1.55 1.10 1.65 2.70 3.10 4.50 8.00 7.40 7.90
1.00 6.23 6.69 1.30 1.52 8.74 8.53 10.55 11.08	1.60 0.05 5.80 1.30 1.75 9.10 70.00 11.00 11.50
Estimated volume total, Calls, 623, Puts 80	Previous day's open int, Calls 4,964, Puts 3,763
Pravious day's open int, Calis 4,624, Puts 5,3\$2	Volume, 335
NAME OF A COST OF THE PARTY OF	Apinine' 225
PHILADELPHIA GE E/S OPTIONS	LIFFE-EURODOLLAR OPTIONS
£12,500 (cents per £1)	Sim points of 100%
Strike Calle-Last Puts-Last	Strike Calls-Last Puts-Last
Orice June July Aug Sept June July Aug Sept	price June Capt Dec Mar June Supt Dec Mar
1.30 21.60 21.60 0.16	01.00 1.92 1.87 0.00 0.01
1.35 16.60 15.60 - 16.60 5.06	91.50 1.42 1.38 1.34 - 0.00 5.02 6.10 -
1.40 11.60 11.60 - 11.70 1.20	\$2.00 e.92 0.53 e.93 - 0.00 5.07 0.19 -
1.45 5.85 7.00 7.58 7.85 9.35 1.00 — —	92.50 5.44 0.63 5.69 - 5.02 0.17 5.35 -
1.60 2.50 3.70 4.30 4.90 1.55 — —	93.00 6.11 5.25 5.33 - 5.19 0.39 5.59 -
1.55 0.56 1.65 2.38 — 4.45 5.45 e.50 7.20	53.50 0.07 0.08 0.75 - 0.59 0.72 0.97 -
	94.06 0.00 5.02 0.06 - 1.06 1.18 1.32 -
	Previous day'n open int, Calin 3,514, Puts 2,565
Previous day's spon int, Galls 54, 133. Puts 44,512	
Previous day's volume, Calle 3,468, Puts 480	Volume, 73

LINI,000 32nds of 100%

Close Nigh Low Prev

June 123-29 124-21 123-28 123-28
Sept 124-03 124-24 124-08 124-02
Dec 124-02 124-02 124-02
March 123-30 — 123-29
Est, Volume 8.473 (8.857)
Previous dzy'n open int. 12,636 (13,088)
Basis quote (clean cesh price of 13%,
Treasury 2004/08 less equivalent price
of near futures contract) —4 to 4
(32ndn)

| Close High Low Previous 102-45 102-45 102-45 102-85 102-85 102-85 102-85 102-85 102-85 102-85 102-85 102-80 102-

ous day's open int, 18,337 (19,046)

THREE-MONTH STERLING

E500,000 points of 100%

Close High Low

June 88.68 89.86 99.86

Sept 90.62 80.72 90.60

Doc 90.86 81.01 80.86

March 90.75 91.00 90.76

Est Moltres 2.586 (3.834)

LONDON

CURRENCY				AGO	volume, (Cello 3,4	68
	US TRI 8% \$10	ASUNY 0,000 32	SONDS ands of 10	(CBT) 10%	_		
May 10	England Index	Gue ranty Changes	Jeine	Latesi 95-09	High 96-00	Low 96-08	
Sterling	11e.0	-16.3 +8.6 -11.6	Sept Dec	94-18 93-23 93-00	95-08 94-14 93-20	94-15 02-22 93-00	
Austrian schilling. Belgian franc Danish Krone	126.2 95.4	+7.2 -7.2 -1.0	June Sept	92-08 91-15	92-27 92-05	92-08	
Deutsche mark	135,0 156,8	+14.5	Dec March June	90-31 90-13 89-29	91-17 90-31 90-04	90-31 90-12 89-29	
French franc		+8.1 18.4	Sept	=	=	=	

CERT. DEPOSIS (IMM)

THREE-MONTH EURODOLLAR (IMM) \$1m points of 100%

High 92,96 92,94 92,80 92,57 92,29 92,02

Low 92,89 92,84 92,71 92,50 92,23 91,96

US TREASURY BILLS (IMM) 51m points of 100% Morgan Guaranty changes: average 1980-1982=100, Benk of England Index (base average 1975=100).

CURRENCY RATES Sterling 51g
U8 8 51g
Ganadian 8, 8,88
Austrio Sch 81g
Beigian Fr. 7

Canadian 8. 8.88
Austrio Sch. 4
Beigian Fr. 6
Dasish Kr. 7
D'mark...... 31
Fronch Fr. 214
Fronch Fr. 33
Fronch Fr. 34
Fronch Fr. 34
Fronch Fr. 34
Fronch Fr. 37
Fronch * C\$/SDR rata for May 15; 1.61420.

OTHER CURRENCIES

MISA TO	46						
	1,2896-1,2923	'O SEON & SEA	5	STE	RLI	NG IN	DEX
ue'alla	2.0860-2.0900 20.89-21.02	1.3745-1.3760				May 19	Previous
Inland	7.7810-7.7965	5.1400-5.1420 138,08-140,35	8.30	am.			77.9
KON9	11,8500-11,8698	7.6100-7.6120	9.00	a,m		76.0	75.9
uwait	0.4410-0.4480	0.2895-0.2900	10.00	am		76.0	76.1
ux burg	58.95-69,05 3,6540-3,9569	45,40-45,50	11.00	am		76.0	76.0
Z'land.	2,7245-2,7320	1.7936-1.7985	Noon			76.2	76.0
audi Ar.	5,5615-6,5660 3,5775-3,5850	3,6505-8.6519 3,2260-8,8880	1.00	pm	******	76.2	76.0
Af, CIR)	3.8475-3.6675	2,2140-2,2190 3,3615-3,4785	2.00	þm		76.1	76.0
.A.E	5.5950-5.8005	3.6725-8.6735	3,00	pm		76.1	76.0
	n Selling ret	10-	4.00	þm		76.1	76.0

EMS EUROPEAN CURRENCY UNIT RATES 43.6761 7.91896 2.13834 8.96280 2.40935 0.712968 1496.21

MONEY MARKETS

UK rates little changed

little overall change yesterday although there was lessening optimism over the possibility of an early cut in UK clearing hank base rates. This was based on a firmer tendency in US interest rates. Three-month interbank money finished at 104-103 per cent cent up from 104-104 per cent and £107 per cent and £107 per cent and £107 per cent and £108 in band 2 at 107 per cent and £108

UK interest rates showed

MONEY RATES provided late assistance of £50m, making a total of £838m.

In New York the Federal Reservs intervened to add temporary reserves to the hanking system, through customer repurchase agreements, when Federal

FT LONDON INTERBANK FIXING

Six months US dollars (11,00 a m. May 15) Three months US dollars 5ve relerance banks et 11 em each working day. The banks ere Netienel Wastminster Benk, Senk el Tokyo, Deutsche Benk, Sengue Ketionele de Peris end Morgeo Gueranty Trust, The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to LONDON MONEY RATES

Tressury Bills (sell): one-month 10% per cent; three-menth 9% per cent. Beek Bills (sell): eas-month 10% per cent; three months 9% per cent. Tressury Bills: Average sender rate at discount 9.800? per cent. ECGD Fured Finance Scheme IV reference date April 2 to May 5 (inclusive) 15.52? per cent. Local surhority and Finance Houses seven days' notice, others seven days' fixed. Finance Neuses Base Rate 11% per cent from May 1 1986. Bank Deposit Rate for sums at seven days' notice 5% 6 per cent. Certificates el Tas Deposite (Series 5): Osposit 2100,000 and over held under one month 10% per cent; one-days months 10% per cent; three-sax menths 10 pet cent; abs-nina months 9% per cent. Rine-12 months 9% per cent. Under 2100,000 9% per cent from May 14. Osposits held under Series 5 9% per sent. Deposits withdrawn tor cesh 6 per cent.

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Paperweights ● Medals attached to your company incorporating your logo. Quality PROMOTIONAL BADGES Manufactured by Manhattan-Windsor W FORTUNE SAPPLE

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Is the old market edage coming true again? If you don't want to disturb your pertiolio but wish to protect your investments against a decline in the market why not sail the FT-SE 100 Futures index For details contact:

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Company Notices

PREMIER GROUP HOLDINGS US-\$50,000,000 NOTICE IS NEREBY GIVEN that the Rote of Intents for the First sub-period of Coupon No. 5 has been found at 72% per annum and that the misrest poychole in respect US\$10,000 normall of the Notes will be US\$10,000 normall of the Notes will be US\$10,000 normall of the Notes will be US\$10,000 normall of the Notember 20, 1796 Anay 20, 1986, London CTRBANK, N.A. (CSS Dept 1, Agent Book

NOTICE OF EARLY REDEMPTION THE NIPPON CREDIT BANK, LTD. LONDON BRANCH U5528.000.008 FRCE EUE 28th JULY 1987 OUE 28th JULY 1997

NOTICE 15 HERREY GIVEN that Pursuant to the provisions of Condition 3 of the C.D.'s the Bank will redeem 31 of the C.D.'s the Bank will redeem 31 outstanding C.O.'s at 100% of their principal amount on 18th July 1906 when interest of the C.D.'s will cease to accrue.

Recognized to principal will be made abating presentation of the C.D.'s through the medium of a Recognized Bank in the United Kinddom at the Stald London Breach, by draft or telestable transfer on New York.

THE NIPPON CREDIT BANK LIMITED 20th Jung 1986

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 19, 1986. In some cases rate is nominal. Market rates are the avorage of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parties and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) baskers' rates; (cm) commercial rate; (ct) convertible rate; (financial rate; (axC) exchange certificate rate; (pc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (e) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	GURRENCY	VALUE OF STERLING
ohanistan	Afghani .	52,00	9 reenland	Capleb Krone	15.50	Poru	Intí	exe (A)21,17(16) 30,55
ghanistan bania goria	Lok	5.99 7.48 16.7625	Orenada Ouzdaloupe	E, Caribbean S	4.10 15.7625	Philippin	L STATUNG	_
dora	French Franc . Boanish Peseta	16,7625	Ouam	US S	1.0180	}	New Zenland	2.7285
	Kwanza.	214,25 46,151e	Ouatemala	Franc	1.5180 510.80 (19)	Poland		242.00
- Alexand	E Caribbana &	4.10 1.8910	Guina 4-Sissau	Peso	258,16 5.06	Puerto Rico	Portugues:Escudo	222,50 1.5180
gentina uba. uniralin	Florin .	2,74 0,0880	0 (yane	Chambre o	0,00	Cata		5.5240
יייייייייייייייייייייייייייייייייייייי	Australian 5		Halti	Gourdn	7.60	Rounion leland	Franch Franc	10.7625
stria	Schilling	28.74 288.50	Honduras Hong Kong	Lempira	3.05 11.8594	Romania		(Cm) e.60 (N/C) 12,06
.h.s.mak	Portuguise Escucio Ba. Dollor	1.0100						
licaric isles Ingladosh Irbados	Dinar	0,5790 214.25	Hungary,		69,2462	Rwande		134.68
ingladosh	Taka	45.20	iceland India Indonesia	I. Krona	62,2505	St. Christopher	E. Caribbean 6	4.10 1.0
arbados	Barbadne 5	3,0576 (cm) 62.00	Indonesia	ind Rupse Rupish	10.85 1,711.52 119.75 (eq.)	St. Helena	East Carribons &	4.10
elgium		(fn)	iraq	Rist	119.75 (eg) 0.4722	St. Plerre St. Vincent Samos American.	E. Caribbean \$	10,7625 4,10
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996¢	Drachma .	211.53	Paraguay	Param.	1,085,57(7)	Zimbabwe	en LDEDMS 2	2,5475

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Examilel goods. (2) Preferential rate for eriority imports and as foodstutte. (4) Preferential rate for eublic sector debt and essential imports. (5) Preferential mts. (5) Free rate for leavy imports, remittances of months should and lossion travel. (7) Pamilel rate. (5) Banknote rates. (15) Rate for enports. (14) Nearly all Suisass transactions. (15) Vietnam—1 new dong equals 10 old dongs. (15) Part—1 ind equals 1,000 soles. (17) Israsi—1 new shekel aguals 1,000 old Shekels. (16) Aruba Strin—new surrancy introduced January 1, 1995. (19) Guings Regulatio—(rane, new exchange rate stringunged. (20) Brazi—1 stuzado equals 1,000 cruzeiros.

34	Financial Times Tuesday May 20 1986	
BRITISM FUNOS AMERICANS Cont. 1986 Price + or Vield High Low Stock E - Gress C'w Gr's 1986 Stock	LONDON SHARE SERVICE	
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Financial Times Tuesday May 20 1986

Account Dealing Dates Option

First Declara- Last Account Dealings tinns Dealings Day Apr 28 May 8 May 9 May 19 May 12 May 29 May 30 June 9 June 2 June 12 June 13 June 23

"'New-lime'' deslings may take place from 9.30 em two business days

Steadier conditions prevailed throughout equity sectors yes-terday. Week-end press suggestions that the recent gloom may have been overdone helped generevive investment confidence to ground for want of support with

siderably. The usal round of newspaper tips met with a ready response, while the takeover scene was enlivened by CAP Group's bid for Yarrow.

Overall conditions were extremely quiet and leading shares did little more than mark time after opening a shade fivmer. The Financial Times Ordinary share index extended a gain of 1.8 at the 10.00 am catculation to one of £5 an hour later and subsequently held around that level until the official close. Lower opening indications from Wall Street yesterday failed to unsettle the modest recovery movement and the index closed 4.8 up at 1294.3 The more hroadly based FT-SE index rose £2 to 1573.1.

Plessey, up £ at 226p, awaiting Thursday preliminary statement, provided one of the few noteworthy movements among the iroday constituents.

noteworthy movements among

relatively quiet trading session, although low coupon shorts were in demand with the Exchequer 2) per cent 1990 closing ; higher at 841; and Treasury 3 per cent 1989 ending A to the good at 91. Long-dated issues opened a little easier before recovering to close I higher on the day. Elsewhere, index-linked stocks encountered some good buying and the further £100m tranche of 23 per cent 2003, made available to the market only yester-day, was eventually exhausted at 107. The 2 per cent 1996 stock advanced 1; to 121; while 2; per cent 2001 recorded a gain of ; at 107;.

cash call. NatWest beld at 740p, while Barclays edged forward S to 502p and Lloyds hardened a few pence at 578p. Midland improved a couple of pence to 548p, after 550p.

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL G080S (214) ... Building Materials (26) ... Contracting, Construction (29)

Motors t16)

Textiles (17)..

Other Industrial Materials (22)...
CONSUMER GROUP (183)...
Brewers and Distillers (22)...
Food Manufacturing (22)...
Food Retailing (15)......

Tobaccos (2)

OTHER GROUPS (86)

Chemicals (19)

Office Equipment (4)

Shipping and Transport (12)

Telephone Networks (2)

Miscellaneous (49)

500 SHARE INDEX(500).

Merchant Banks (11)... Property (50)... Other Financial (24)...

Investment Tribis
Mining Finance (3).....
Overseas Traders (1.4) ment Trusts (103)

99 ALL-SHARE INDEX (736)

1 5 years.

2 5-15 years .

5 Alt stocks ...

6 5 years...

7 Over 5 years.

3 Over 15 years

FIXED INTEREST

Day's change %

145.56 +0.09 145.43

152.27 +0.64 152.21

178.90 +0.12 170.69

148.64 +0.88 140.52

129.43 +0.59 119.83

119.14

122.00

+0.45 118.60

____ 122.00

89.25 -8.82 89.27 - 2.97

+8.09 123.85

Fri May 16

Health and Household Products (LID) Leisure (25).
Publishing & Printing (L4)
Packaging and Paper (L4)
Stores (42)

Equities stage tentative rally FT index up 4.8 at 1294.3

Profit-taking in the absence of the widely-rumoured bid from British and Commonwealth Shiphave been overdone helped geneping left Equity and Law 10 rate a slightly better feeling in down at 255p. Elsewhere in market sentiment, but failed to Insurances, Composites gave any great extent.

Apart from last week's huge
Royals 7 down at 910p. Elsecash call, political and economic where, PWS International

readily based FT-SE index rose interim statement is expected on Plessey, up g at 226p, awaiting Thursday preliminary statement, provided one of the few interim statement is expected on the Thursday.

Steadier conditions prevailed in the Building sector and one or two leading issues managed modest progress. BPB industries were noteworthy for an improvement of 10 at 470p, while Tarmae elatively quiet trading session, lithough low coupon shorts were the steady of the per cent 1990 closing a higher shed that much, to 148n, followshed that much, to 148p, following adverse press comment. John Mowlem slipped 8 to 372p; the company's offer for SGB, a couple of pence cheaper at 348p. has gooe nnconditional. Berkeley Group lost 30 to 420p on details of the £11.9m rights issue which accompanied the annual results, but Manders gained 10 to 253p as hid rumours revived,

NSS good again

at 107. The 2 per cent 1996 stock advanced 1½ to 121½, while 2½ per cent 2001 recorded a gain of ½ at 107½.

ANZ disappoints

A quiet hankine sector was featured by weakness in Australian group ANZ which fell 14 to 263p on acule disappointment with the first-half profits, Conditions among the major clearers became steadier after the widespread depression caused last tions among the major clearers of an imminent announcement became steadier after the wide-spread depression caused last spread depression caused last week by NatWest's record £714m for USM-quoted Hampden Homecash call. NatWest held at 740p,

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times.

the Institute of Actuaries and the Faculty of Actuaries

Earning Yieki% (Max.)

Day's Change %

Mon May 19 1986

Gross Div. Yield% CACT at 29% t

| No. | Change | (Max) | (ACTa) | 2744 | No. | N

 Index
 Day's
 Day's
 Day's
 May
 May
 May
 May
 May
 May
 Year

 No.
 Change
 High
 Low
 16
 15
 14
 13
 12
 890

 1573.1
 +8.2
 1573.1
 1564.3
 1564.9
 1575.7
 1994.3
 1623.3
 1603.8
 1330.8

11 inflat's rate 5% 3 yrs... 12 inflat'n rate 5% Over 5 yrs... 15 inflat'e rate 10% 5 yrs... 14 inflat'n rate 10% Over 5 yrs...

5 years...... 15 years...... 25 years......

- 9.77 772.94 779.69 786.41 639.6E

10.55 10.78 10.41 11.50 11.65 10.57 11.57 11.20

7.81 8.86 8.82 8.96 9.13 9.13 9.24 9.17 8.73

10.13 10.07 10.01

7.77 8.79 8.81 8.95 9.32 9.33 9.49 9.25 9.17 8.72

3.54 3.26 2.33 3.89

10.13 10.07 10.01

FINANCIAL TIMES STOCK INDICES

	May 19	May 16	May 15	May 14	Mey 13	May 9	year ago
Government Secs	81,62	91.54	91.92	92.43	91,87	92,26	80.95
Fixed Interest	86,82	86.74	96,89	97.11	96.80	87.24	85.63
Ordinary	1294,3	1229.6	1302,6	1520.0	1341,2	1550,3	1016,0
Gold Mines	241.9	246.1	244.3	251,0	253,e	252,4	489,5
Ord, Iliv. Yield	4,84.	4.25	4.24	4.14	3.85	4.07	4.56
Earnings, Yld. %(Iull)	10,53	10,57	10,46	10.25	9.62	10,20	11.50
P/E Railo (net) (*);	11,61	11,57	11,59	11.95	12,45	11,87	10.59
Total bargains (Est.),							
Equity turnover Em.	- i	490,95	535,75	eso.95	576,45	675,45	356,75
Equity bergains;				23,530			
Bhares traded (m)	_ `	212.4	251,1	285,1	274,1	312.2	195.

Opening — 10 sm 1290.8, 11 sm 1293.0 Neon 1292.8, 1 pm 1292.4
 2 pm 1292.8, 3 pm 1292.8, 4 pm 1293.5 Oay's High 1294.3, Bally's Low 1288.0, Basis 100 Government Securities 15/10/26, Fixed interest 1928. Ordinary 1/7/35, Gold Mines 12/9/55, Activity 1974, Latest Index 01-248 8026. Nil=11 21.

	HIGHS /	S.E. A	S.E. ACTIVITY				
	1986		Since Compila	t'n INDICES	May 10	Msy 15	
	High	Low	High . Low	Beily Gilt Edged			
Govt. Secs	94.61	80.39	137.4 49.1 (3:1/85) : (8:1/7	a Sargeins	131,5	1 SO, a	
Fixed Int.	87.51 (22/4)	86.55	150.4 50.5	. Dargains	164.B 992.3	141.4 107a.a	
Ordinary	1425.9	1094.3	1425.8 49.4 (3·4/88) 26.6·4	Gilt Edged	143.4	144,3	
Gold Mines	SS7_0 (27/1)		754.7 45.5 (15.2.65) ,28.10.		154.6 11 24.1	163.6 1196.7	

248p, and Gussles A, 990p, advanced 6 and 30 respectively amid revived talk of a deal concerning the latter's Times Furnishing operation, Burton, which has put its Hamleys toy shop up for sale, improved a few pence to 284p, while Comhined English rose 5 to 220p, after 223p, following news that Quantum Fund of lng news that Quantum Fund of Curacao has Increased its stake to just over 11 per cent.

Weekend press comment fore-casting humper preliminary figures when the group report on Thursday attracted investors to Plessey which improved steadily to end the session g better at 226p. Cable and Wire-less, at 635p, and British Tele-com, at 228p, were also alded hy newspaper mention and rose 12 and 2 respectively. STC reflected revived takeover hopes at 146p, up 4, but Thorn EMI relinquished a few pence at 454p. Secondary Electricals fea-tured Dubtiler, 12 up at 178p tured Dubtiler, 12 up at 178p in response to the hetter-than-expected interim results. Crystafor USM-quoted Hampden Home-care 11 up at 92p.

Leading Retallers closed with modest gains as investors shrugged aside the decline in provisional retail sales figures for April. Harris Queensway,

currently engaged in merger discussions with a private com-pany. News of the acquisition from Thorn EMI helped FKI improve 24 to 774p, but United Scientific fell 5 to 125p, after 117p, in reaction to deatils of the interim deficit. Godwin Warren felt 25 to 125p following the disappointing annual

CAP Gronp, g better at 208p. Welr Gronp, meanwhile, moved up 6 to 123p on consideration of the sizeable profit realised by the sale to CAP of its 28 per cent stake in Yarrow. Bahcock International rose 6 to 173p and Desontter Bros gained 25 at 310p. Among the leaders, an improvement of 5 to 324p in GRN was accompanied by vague rumours of a hid from BET.

The absence of any news relating to the strongly rumoured sale of Fine Fare took the shole off an excellent set of results

off an excellent set of results from Associated British Foods 6 to 21gp on hopes that the hids from Tate and Lyle and Hillsdown Holdings may yet escape reference to the Monopolles Com-Armours hoosted E. T. Sniber-land 10 to 880 after 912. 10 to 88p, after 91p

Yarrow highlighted Engineerings, leaping 190 to \$20p in response to the surprise bid from CAP Gronp, 8 better at 208p.

which registered a gain of only a couple of pence at 332p, On the other hand, buyers came in for Banks Hovis McDougall ahead of today's interim figures and the close was 6 higher at 204p. S. & W. Berisford firmed to 215p on house that the hide mission. Hillsdown hardened a couple of peoce to 280p; T& L were steady at 555p. Among Retailers, J. Sainshory rose 8 to

Rotaprint sold Secondary Issues provided the major focal points in miscellaneous Industrials, Rotaprint fell 2 to 7*p following a "sell" recommendation and Berisfords dipped 7 to 96p after the company's further rejection of Allied Textile's offer. Profitaking clipped 6 from Myson at 1042, but renewed speculative huying prompted a fresh im-

provement of 15 in Clement Clarke, at 190p. Press-inspired gains of around 6 or so were seen in Caparo Industries, 54p, Apricot Computers, 90p, and Blue Arrow. 162p. J. Williams rose 24 to 324p, after 334p, on news of the interim profits recovery and BHP gained 10 to 390p awaiting further takeover developments. Rock improved 2 to 30p on an investment recommendation, while rises of 8 and 10 respectively were seen in 10 respectively were seen in Keep Trust. 195n, and Sidlaw, 115p. Burndene Investments improved 7 to 57p and Allied Plant appreciated 21 to 381p.

appreciated 23 to 381p.

Boosey and Hawkes, which revealed poor annual results last Friday, firmed 8 to 2080, after 210p, following reports that the company had rejected a 215p per share hid approach from Music Sales. WSL met with renewed demand and rose 5 to 185p, while Scott'th TV "A" cained 10 to 345n on details of the processed enfranchisement of non-voting "A" ordinary shares and proposed £5.7m rights issue.

Advertisine agencies featured Brunning which fell 12 to 155p, after 145p, following the management shake-up and proposed enfranchisement of the restricted voting shares, a agement shake-up and proposed enfranchisement of the restricted voting shares, a similar amount off at 154p. In contrast, Craton Lodge and Knight hardened 5 to 110p in response to the interim statement. Speculative demand lifted Spafax Television 16 to 111p, after 115p.

Interest in Properties centred on Land Securities which, following a lively graded option busi-

on Land securities which following a lively traded option business, firmed 6 to 318p. MEPC hardened 3 to 343p, while occasional buying interest left Hammerson "A" 5 dearer at 435p. Secondary issues featured City-form, up 32 at 257n in recoverse form, up 12 at 257p in response

to the more-than-doub-id annual profits. Mann and Co rose 20 to 370m following Press comment. Early attention in Textiles centred on Readignt which advanced 31 to 41p in response to oetter-than-expected prelimi-nary profits. In contrast, Tomkinsons gave up a few pence to 1980 desnite the return to the dividend list announced with the full-year figures. Revived specu-lative demand, heightened last week by a Press mention, lifted Sekers International 12 more to

Financials trended firmer, where altered. International where altered. International City Holdings responded to a Press mention with a gain of 6 to 201p, while Aitken Hume hardened a few pence to 1760 for a similar reason. Ivory and Sime rose 4 to 171p following the full-year figures.

Oils firmer

A marginal improvement in spot oil prices helped the oil sector in gain ground. Interest remained at a relatively low level, but buying interest was sufficient to lift BP 7 to 5629 and that it is a 1000 high of 7220. sufficient to lift BF 7 to 563p and Shell 5 to a 1986 high of 782p. Britoil also moved up S-to 180p, while LASMO hardened a few pence to 120p.

News of a series of attacks by South African forces on targets in Zimbabwe, Botswana and Zambia brought pressure to bear on the South African Rand and led to another decline in South

African Gold and related iss The developments prompted dealers to mark share prices dealers to mark share prices easier at the outset. Thereafter, a downturn in the builtion price and accompanying selling of Golds saw the latter continue to lose ground and eventually settle at the day's lows. The Gold Mines index fell 4.2 to 241.9—its lowest level since the turn of the year. Builion closed a net \$2.25 down at \$341.

Among the ton muality Golds Among the top quality Golds

FRIDAY'S

ACTIVE STOCKS

114y's change + 15 -- 10 + e + 15 -- 12 -- 20 -- 10 -- 4

YESTERDAY'S ACTIVE STOCKS

UR MOHOWING STOCKS AS	SISTOS Y.		Exchange Omci	es wet.	
	Closing	flsy's		No. of	Fri
Stock	price	change	Stock	changes	Cfat
matrad bersem	565	+18	Amstred	21	54
	263	-16	Belepak Foods	19	12
srtam	154	+ 4	Equity and Law	17	26
P	562	+ 7	NatWest. Bank		74
ritoil	180	+ 5	See 78		12
ord (Ms rtin)	74	+10	Dowty		12
odwin Wnrren	125	- 25	ICI	14	883
lesteir	165	+17	BP	13	55
and Sncurities	318	+ e	Cabis and W.	13	62
sikland Text A	139	+ 2	Paniland Inds.	t3	685
ners	123	+ 1	Steinisss Motal	13	190
nrow	820	+190	GISAD		95

Perhaps the bravest man lever knew... and now. he cannot bear to turna corner

Sol-tool-tour sergeant 'Tiny' G'T'r's, DCNI, was perhaps the bravest runn his Colonel ever knew.

But now, other seeing service in Aden, after being boody trapped and ambushed in Northern Ireland, Sergeant 'Tiny' carried bear to turn a corner For lear of what is on the other side.

It is the bravest men and women from the Services that suffer most from mental breakdown. For they have bried, each one of them, to give more, much more, then they coeld in the service of our Country.

We look after these brave men and women. We help them at home, and in hospital. We resour own Countelescent Homes and, for those who are homeless and carnot look after themselves in the commanity, our Hostel gives permanent accommodation. For others there is our Veterars' Home where they can see out their days in peace.

These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help us with a donation, and with a legacy too, perhaps. The debt is oved by all of us.

To protect those concerned, this is an arrodynamical several such case histories of Palanta in our case.

EX-SERUKES MENTAL WELFARE SOCIETY Broadway House, The Broadway, Wimbledon SW19 1RL. Tel: 01-543 6333
Please and enclosed my donation for ES/210/620/E50.
Please send me further details about the Es-Services Mental Welfare Society.

RECENT ISSUES

Vaal Reefs and Western Deep gave up around i apiece at £41 and £201 respectively while the cheaper priced stocks showed Cons Medderfontein 10 down at 200p and Elandsrand a similar easier at a 1986 low of 338p. Financials were similarly marked down. De Beers gave up 4 to 466p and "Amgold" dipped a point to £43.

running in a generally firm Australian mining market. Central Norseman moved up to 2480 before easing to end a net 5 better at 338p, while Gold Mines of Kalgoorlie improved S to 345p and Sons of Gwalia 4 to 176p. Favourable Press comment helped Jason Mining edge ment helped Jason mining edge up 3 to a year's best of 33p. North Kalgurli rose 2 to 33p. Leading diversified stocks also made good progress. Bougain-ville advanced 7 to 120p. CRA 4 in 2920 and Western Mining 3 to

S to 47p. Jantar rose a similar amount to 27p. following a news

Traded Options

demand for Traded Options.

Despite the introduction of two
new classes—Cadvary Schweppes
and Ladbroke—tntal contractstransacted amounted in 15.415.

with activity not being helped. by yet another technical break-down which halted trading for a short period during the afternoon. However, dealers reported a lively business in Cadburys which attracted 1,317 calls, and in Beecham which contributed 1,513 calls.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (67)

BROTISH FUNDS (12) Exchqr. Z-gc 1986, Tress. 3pc 1988-86, Exchqr. Z-gc 1980, Tress. 3pc 1988-86, Exchqr. Z-gc 1980, Tress. 2pc 1880-86, Exchqr. Z-gc 1980, Tress. 2pc 1880, 2pc 11. 1980, Z-gc 11. 2006, Z-gc 11. 2006, Z-gc 11. 2007, Z-gc 11. 2008, 2pc 11. 2011, Z-gc 11. 2011, Z-gc 11. 2011, Z-gc 11. 2011, Z-gc 11. 2011, AMERICANS (1) Boarry, CANADIANS (1) Hawker Siddeley Can.-SULDINGS (1) Factorated Housing, STORES (4) Hampdon Homecare, NSS News. Sall Stores. Do. 3f-gc Pref. ELECTRICALS (7) Amstrad. ASEA AB B'B', Emess Lighting, FMI, F-rat Security, Grosvenor Groud, Kode Internati, ENGINEERING (6) Beauterid, Carlisty Hunt. Cooper Inds., Smith Whetworth, Staveley Inds., Yartow. FOODS (1) Sutherised (E. T.). INDUSTRIALS (11) Allied Plant. Amber Ind., Assoc British, Eng., Epc Cow. Red., Pref., Bestwood, Burndenn Inva., CH India. Capero Inda, LEISURE (3) Scottish TV 'A', TVS N-V, Tyon Toess TV 'A', PAPER (3) Aspon Come., Hoggett Bowers, Spalar Television. PROPERTY (3) CALA, Derwent Velley, Land Livestors. SHIPPING (1) Gotass-Larson.
TEXTILES (3) Rasticut. Sekers, Stoddend 'AI, TRUST'S (5) Martin Currie Pacific, Rights & Insues Cap., Wemyes Inv., NMC Invs., Utd. Comp. & Tech., Old. (1) Shell Trans, Overseas Tradders (1) Polly Pack Internati, Mines (2) Japon Mining, Jantar.

point to £43. Golds continued to make the

1520. Elsewhere, speculative buying boosted East Rand Consolidated

NEW LOWS (30)

BRITISH FUNDS (1) Conv. 10pc 1996.

AMERICANE (2) CSC. 1814. BEIMERS
(1) Macadam-Grantiver. BRIDDINGS
(1) Borners & Heilbeimhire. ELECTRICALS (5) Godwin Winnen, 181. Macro
4, Telemetrix, Und. Scientific.

ENGINEERING (1) Wyndham, FOODS
(2) Global Group, Hazlewood. BNDUSTBIALS (4) High-Point Servicas, Toya,
Urd. Packagong, UnSURANCE (3)
Bryant (Derek), London & Manchester
Group, Windsor Secs. LEISURE (1)
Soge Holidays. PROPERTY (1) Markheeth. TRUSTS (2) American Trust,
Independent Inv. Oils (1) Edinburgh
Ind & Ges. MINES (5) Cons.
Modderfonten, Kipross, Winkelhaek,
Elendsrand, Gold Endesvour.

EQUITIES

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Card. Latter Fox. Step

Card. Latter Fox. Step

Disloyer Foxet Sp. 250

Fillower Foxet Sp. 250

Fillower Foxet Sp. 250

Fillower Foxet Sp. 250

German Secs. Warris. 260

German Secs. Warris. 261

German Secs. Warris. 321

Jacco Holge Dip. 388

Long Gare 188

Long Care 189

Microlin int Frage 581

Step 180

Fillower Foxet Sp. 167

Fillower Foxet Sp. 167

Fillower Foxet Sp. 167

Fillower Foxet Sp. 167

Fillower Wris. 35

Gher Marc COLIT Inc. 36

Gher Marc COLIT Inc. 36

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Gher Marc COLIT Inc. 36 estuater in 25p.

Pilici laws. Wris.

(Beer Micer CCAIT lac.)

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Rodine Sp.

Schroders SLIBV

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Schroders Schroders Sp.

Tip Trop 10p.

Petaber (Frank) Sp.

FIXED INTEREST STOCKS

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in date sensity lies, day for dealing fene of stamp duty. A Assembler dividend, b Figures bised confinence. p Assemble dividend and yield after scrip issue, dated cover an enemings updated by insteat painting statement. H Dylotend and Yield batter one other official continues for 1997. L estimated assemblered dividend, cover and pir tented on servings. R Forecast assembles dividend, cover and pir tented batter on the rest of the serving of the serving

Last Deal- Deal- Declara Settle Infernational, Premier Oil, NSS ings lane 6 Aug 28 Sept 8 and Belhaven. Puts were dune Jane 9 June 20 Sept 11 Sept 22 in Acors and RHP, but no Jane 23 July 4 Sept 25 Oct 6 doubles were reported.

For rate indications see end of RISES AND FALLS. Unit Trust Service

Money was given for the call of STC, Polly Peck, Barker and Dobsen, Sears, Amstrad, Oliver Prospecting, Arthur Wood, United Scientific, United Biscuits, Textured Jersey, TI, Securicor, SCUSA, Rothmans, Reliant Motor, Air Call, James Fisher, Enterprise Oil, Exco nternational, Bertish Dredging, British Empire Securities,

TRADITIONAL OPTIONS Robert Horne, CCF, Associated British Foods, A. Trusthouse Furte,

YESTERDAY

	Rites	F#A:	Same
British Funds	: 71	. 8	33
Corpns, Dom. &			
Foreign Bonds	13	3	56
Industrials	329	308	855
Financial & Props.	94	133	. 349
Oile	29	14	77
Plantations	1	1	13
Mines	35	39	106
Others	53	76	77
Totals	625	582	1,565

Company of the second of the s

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constitue is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 48Y, price 15p, by post 28p.

#Opening modex 1568.7; 10 am 1570.9; 11 am 1570.8; Noon 1570.8; 1 pm 1571.2; 2 pm 1571.8; 3 pm 1572.0; 9.90 pm 1572.3; 4 pm 1572.4

18 Prof

775.83 +0.4 --- 3.96

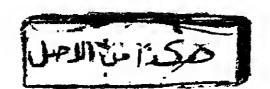
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WORLD STOCK MARKETS

MEGNITREAL Partfolio



USTRIA			GERMANY		1	NORWAY		AUSTRALIA (continu	red)	JAPAN (continued	4)
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itscher Mag, .	11,000	-90	BHF Bank	810 .	I	Korsem. 88 Hprsk Deta 220.0x	a: -11	Kis Ore Gold 0.15 Kidelph Gold 5.66 Lend Lease 9.04	+ 0.86	Hikko Sec . 2	50 -5
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	; Fre.	. —	Oaimier-Benz., . Degussa Dische Bebcock,	441 -	10	SPAIN		Kews 23.0 Higholas Kiwi 3.50 Herenda P. Pipali P.76	-0.02	Hippon Kokan. 1. Nippon Oil 1.1.	35 —1
B.L. ang. Gen. Lux			Deutsche Bank	7210 -	7.5	May 13 Pric	+ er	Horth Ekn Hill,- 1,71	-0.91	Mippon Salkp D. Mippon Shimpan 1.0	61 – 3
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ckerill	4,140	+ 60	Kenkel	. 405.1	3 . I	Bce Central 667 Bce Exterior 430	-18	Pleneer Conc 2.75	+0.03	Nigpon Yusen 3	81 +1
ment CSR. ckerill hitaize. ectrobel.	4,500		Hochilef	272 600 -	3 A D	Sco Hispano. ' 400 5co Popular. 1.045	- 20	PosciPon 2,55 Queensland Coat 1,43 Reckitt aColman 4,55	+0.01	Hemura, 1,8	33 -1 5030
brique Nat	2,575	+75	Hoesch Werke Holzmann (P) Horten	172 58P 122 ~		Sco Santander 704 Bco Vizcaya . 1,34	-13	Repco 9.38		Onada Cement 4	25 +3
B Inno BM BL (Brust) BL (Brust)	3,470	-25	Korstadt	460.2	3.6	Oragados 355. Hidroin 135	2 ~10.0	Smith (Koward) 4.20 Thee Halwide 3.45 Tooth 5.7	+0.15	Orient Leasing . 3.5	40 -50
boken	6,200	+30	Kaulhof	425 -	a i	Petrolage	2	Tooth 5.7	-0.1	Ricoh 2	10 . +8
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eltica Skand opflendelsbank	620 276	-40 -13	Volkswagen	346.8 ~-1		Sandvik	-10 -20	KK China Das 14.8 KK Elegtric 8.80	-0.1	TOX	30 +30 95 : +6 80 : +20
Bukkerlab	370	-15 -15	ITALY		11	SKF 542 Sonneson 185		HK Kowloon Wh. 8,35	-0.05	Tokai Sk 20 Tokai Sk 20 Tokio Marine 1,1	67 -10
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renede Brygg. Fanede Damo.	1,130	-40	May 19		<u>~_()</u>	Vpivo B.Freer. 415	+4	Hutchison Wee. 28.9 Jardine Math 12.3	-0.1	Tokyu Corp 80 Toppan Print . 1,60	05 ; -13 00 -30
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norunt 44% 1970 prunt 7% 1073,		-17	NETHERLANDS	5	- 13	Helt-Roche 1:10 . 10,87 Jeoobs Sucherd.(7,77	-325 -100	Asshi Chem 616 Asshi Class 1,300 Bank Tpkyo 790	+30	Boustand Hidgs. 0.t	
cor	7,640 485	+41		i -	l i	Landis & Oyr 1.95	-10	Bank Tokyo 790	-9 +3	Cold Storage 2.6	-0.0
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ngrain	1,070		ACF Holding	283.0	0.5	Pirelli	-14 -860	Gasio Comp	+90	Inchespe Bhd 1.3	26 40.1
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rrefour b Mediter'n Sancairs	3.B3B	-12	ABN	152.8 +0 647 - 5 75.8 -0	5 . 15	Surveillance A 7,08	+ 85	Dia Hippon Ink 430 j Dai Kippon Ptg 1,810 j	-10 -10	Maley Utd. Int 1.1 Multi Purpose 0.3	33 +0.8
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mert	8,005 5,410	-1351	Bos Kalle Westin., Buehrmann Tet.,	13.0 —0 184 · ~3	0.4	Swiss Reinsoo,'18,806 Swiss Volksbk{ 8,636	l. ~10	Eisal	+40	Sime Darby 1.2	1 -0.6
mez & A	1,460	-10	Calland Kidgs	19.2 -0 176.8 -8	0.7 V	Vinterthur 6,856	-50	Fuji Bank	+20 -20	Singapors Air 6.5 Singapors Press. 6.3 Straits Trading 9.0	1 -0.5
nt (Cie Can) Aquitaine Mor	338	-0	Elsevier-NOU	180,5 -4	4.6	Zurich Ins! 8,15	-885	Fulisawa 1.340	+50	Tat Lee Bk 9.0	36
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OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

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GnDyn 1 1.3 9 1210 1576
GnHost 2.32 130 15 2753 7566
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حَكِدًا مِنَ الْأَصِلَ

Financial Times Tuesday May 20 1986	المكذا من الاصل
NYSE COMPOSITE PRICES	AMEX COMPOSITE PRICES Prices at 3pm, A
12 March 12 March 12 March 12 March 13 March 13 March 14 March 14	Property State 10th High Law Clean Charge Property State Internal Charge Property State Internal Charge Property State Internal Charge Internal Ch
\$\begin{array}{cccccccccccccccccccccccccccccccccccc	OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

WALL STREET

Subdued start to busy week

THE US financial markets made a subdued start to a week featured by the monthly meeting of the Federal Reserve's Open Market Committee (FOMC) and by the disclosure of important data on the economy, writes Terry Byland in New York.

Firmness in the dollar helped the federal bond market at first, while stocks struggled to recover from a weak start. At 3pm, the Dow Jones industrial average was down 2.66 at 1,756.94.

Activity was at a low ebb in the stock market, which is still waiting for clarification on the outlook for interest rates, the dollar and the pace of the US economy. Today brings the Commerce Department's revised estimates on GNP growth in the first quarter of the year. Wall Street expects the figure to be revised downwards to show growth at about 2.5 per cent annually.

This week also hrings federal data on consumer spending, personal incomes, prices, durable goods orders and car sales. The FOMC, in session today and tomorrow, is thought unlikely to ease credit policies because of the recent weakness in the dollar.

The blue-chip sector steadied after the

STOCK MARKET INDICES

1.756.94

770.61

181.201

233.18*

1,294,3 1,573.1

775.83

851.85

241.9

240

220

200

NEW YORK

DJ industrials

DJ Transport

DJ Utilities

LONDON

FT Ord

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA All Ord.

AUSTRIA

BELGIUM

CANADA

Metals & Mins.

Credit Aktier

Belgian SE

Montreal Portfolio

DENMARK

FRANCE CAC Ger

WEST GERMAN

HONG KONG

ITALY

NORWAY

Osio SE SINGAPORE Straits Times

SOUTH AFRICA

Madrid SE

SWITZERLAND

Swiss Benk Ind

MS Capital Int'I

Silver (spot fixing)

Copper (cash) Coffee (May)

Oil (Brent blend)

London

Zürlich

Parts (floing)

Luxembourg

New York (June)

SWEDEN

WORLD

Hang Seng

Banca Comm

ANP-CBS Gen

ANP-CBS Ind

Metals & Mints

TOKYO

FT-A All-share

FT Gold mines

FT-A Long gift

...KEY MARKET MONITORS

1984

1,285.34

622.56

164.75

187.42

1,016.0

1,327.4

639.68

700.92

489.5

10.82

901.4

93.68

221.1

79.74

432.35

171.1

82.03

932.10p

£939.50

\$14.55

Prev \$343.25

\$342.05

\$342.59

\$342,20

\$340.70 \$343.80

£1.991.00

1985

Yon

Standard & Poors 500

Composite

1,759.80

771.71

181.05

232.76

1,564.9

772.94

847.79

246.1

15,697,53 15,739,05 12,419,90

1,237.11 1,240.74 974.85

495.1

123.62

closed 3,650.36 2,237,72

closed 2,039.5 2,041.0

closed 3,044.3 2,723.2

closed 1,539.74 134.11

408.8

153.50

647.10

1,765.02 1,787.08 1,647.88

251.6

593.55

closed 2,331.63 1,401.95

315.9

£935.50

\$15.45

May 19 \$341.00

\$343.05

\$342.15

\$342,45

£1.953.50

closed

COMMODITIES

GOLD (per ounce)

1,960.2 1,264.7

862.03 317,51

9,17

expected selling bout on Friday when stock index options and futures expired. General Motors at \$75% edged up \$%, Ford \$% to \$76% and Chrysler \$% to \$36.

Turnover in Sperry settled down to more normal levels, the stock edging up \$\% to \$73\% as the board opened negotiations with Burroughs to see how far the hidder will increase its original offer of \$70 a share in cash and paper. Burroughs added \$\% to \$58\%.

Technology stocks were mostly higher. Hewlett Packard, reporting quarter earnings, added \$\% to \$43\%. But IBM shed \$\% to \$144\% and Control Data at \$23\% gave up \$\%. In the personal computer sector, Apple shed \$\% to \$35\%.

Retail stocks traded an irregular pattern behind the latest round of corporate trading announcements. K mart, the leading discount store group, added \$\frac{8}{1}\to \$50\times on news of higher profits. JC Penney at \$75\tilde{1}\times, however, gave hack \$\frac{8}{1}\times of the gain which followed last week's trading report.

Sears edged up \$% to \$43% but May Department Stores shed \$% to \$76% and Federated Department Stores \$% to \$76%.

Financial issues shared the general malaise, giving up part of their recent gains. Chase Manhattan lost \$\%\$ to \$39\% and Citicorp \$\%\$ to \$45\%.

Firmness in the dollar left the pharmaceutical sector looking ragged. Merck, the sector leader, lost \$% of its recent gain to stand at \$161%. However, Pfizer, which also benefits from a weak dollar, edged higher \$% to \$57% and Bristol Myers at \$75% added \$%.

Union Carbide gained \$\% to \$23 in light trading in a chemical sector fea-

1986 May

STERLING

1.5255

3.3725

252,25

10.745

2.8075

3.8

2.097

10% 4% 41% 7%

7% 7%

6% 6.81

6.43

7,81

-0.10

-0.04

1,516

3.3775 255.5

10.7825

2.825

3.805

1,517.0 2,317.25 2,314.25

2.097

6.19*

997/12

97242

7.71

7.38 7.92

8.38

Yield

7.96

7.84

+0.51

+0.42

+0.17 +0.58

+0.83

May 19

FINANCIAL FUTURES

92.92 92.97

al Gill

95-04 96-00 94-28 94-30

93.77 93.83 93.77 93.75

123-29 124-21 123-28 123-28

92.90 92.89

CURRENCIES

2.211 165.35

7.0425

45.1 1.376

INTEREST RATES

US BONDS

9514

Source: Harris Trust Sevings Bank

141.76

134.33

143.48

172.35

US DOLLAR

168,25

2.5065

1,526.5

(3-month offered rate)

US Fed Funds

Treasury

7% 1996 7% 2016

(years)

1-10

15-30

Corporat

3% July 1990

10% Jan 1993

8% March 1996

9% March 2016 General Motors

814 April 2018

9% March 2018

US Tressury Bills (BIN)

\$1m points of 100%

51m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Latest aveilable figures

20-year Notic

June

June

June

LONDON

Citicore

CHICAGO

SCBT South Centra

Treasury Index

Source: Merrit Lynch

3-month US\$

45,45

7.09

tured by support for Monsanto, up 5% at \$64% and Dow, up 5% at \$52%.

In oils, Occidental Petroleum was S¹/₄ up at \$27\mathbb{4}\$ after announcing a further minor reduction in the workforce. Reflecting the less certain cutlook for oil prices, the rest of the oil sector showed minor changes. Atlantic Richfield attracted some selling, shedding \$\mathbb{3}\mathbb{4}\$ to \$54\mathbb{4}\$. Exxon held unchanged at \$57\mathbb{4}\mathbb{6}\$ in moderate turnover.

The picture was much the same in the airline sector, also an oil price influenced area. Selling of Pan drove the stock down again, a loss of S% to S5% indicating worries over the loss of transatlantic business as US tourists cancel European bookings.

The bond market had an erratic ses-

sion, taking its cue from the dollar. By midsession, when the dollar was weakening in New York, long-dated Treasury bonds showed losses of nearly half a point, compared with similar gains earlier.

Short-term rates shaded easier but were held steady by a federal funds rate

LONDON

A TENTATIVE attempt at a rally was staged in London yesterday although there was a general reluctance to commit new funds.

The FT Ordinary index edged 4.8 higher to 1,294.3, while the more broadly based FT-SE 100 index firmed 8.2 to 1,573.1.

Plessey, up 6p at 226p, proved one of the few hright spots ahead of Thursday's preliminary statement. Yarrow was bought 190p higher to 620p on bid moves and leading food retailer Sainsbury added 6p to 378p,

Gilts also had a relatively quiet session, although low coupon shorts were in demand. Longs opened easier before recovering to finish ¼ higher on the day. Index-linked issues encountered some good buying

Chief price changes, Page 37; Details, Page 36; Share information service, Pages 34–35 TOKYO

Noticeable shift to sidelines

DESPITE a noticeable shift to the sidelines, share prices closed higher for the first time for seven trading days in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average closed at 15,697.53, up 23.5 from last week's finish. Trading was extremely thin at 274m shares, down from Friday's 435m, because institutional and individual investors moved out of the market. Advances outnumbered declines by 428 to 387, with 136 issues unchanged.

The stock average had shed 520 points in previous six trading days after gaining 412 points in the first week of May.

ing 412 points in the first week of May. Enthusiasm evaporated in the absence of a clear picture of US interestrate trends and the future of yen-dollar exchange rates. Before deciding on their investment strategies, investors were ewaiting announcement of the revised figures for first-quarter US gross national product (GNP) to be released today.

On the trading floor, export-oriented blue chips were bought hriskly in early trading, supported by the dollar's firmness against the yen in Tokyo and overseas foreign exchange markets. But buying hegan to dwindle towards the end of the morning.

Hitachi was actively bought and rose Y19 at one stage, but came under selling pressure later to close Y9 higher at Y893. NEC advanced Y30 to Y1,520, while Pioneer finished Y20 lower at Y2,470, after gaining an early Y30.

Tobishima topped the active list with 15.89m shares traded, adding Y34 to Y849. Toyo Soda rose Y9 to Y419.

Nihon Nosan Kogyo advanced Y3 to Y417. But Nichiro Gyogyo, which had drawn investor attention the previous week, fell Y27 to Y450, and Nippon Oil

and Fats declined Y14 to Y885.
Tomoegawa Paper rose Y48 to Y628 and Fuji Heavy Industries Y45 to Y363.
Those issues were sought for short-term capital gains.

Bond prices plunged, hit by declines on the bond futures market, where September contracts dipped Y0.84 to Y102.35 as some big securities houses and banks' dealing sections, concerned about the market outlook, placed massive sell or

That prompted a wave of selling on the cash market, with the yield on the benchmark 6.2 per cent government bond maturing in July 1995 rising to Y4.880 per cent from Saturday's 4.82 per

The yield on the 5.1 per cent bond falling due in March 1996 rose sharply to 5.08 per cent from 4.96 per cent.

EUROPE

ACTIVITY on the European bourses was at a virtual standstill yesterday due to the Whitsun holiday, with only exchanges in Italy and Spain open.

Milan was buoyed by the start of the new June bourse month and leading industrial and insurance stocks, the mainstay of the current phase of the rally,

found steady support.

Flat stormed ahead with a L1,330 jump to L16,150, a record high, while Olivetti held steady at L18,600. Generali set the pace among the insurers with its dramatic L11,200 advance to L161,790. Mediobanca's L14,000 surge to L299,000 was described as one of the largest in recent years.

The session also saw five new issues quoted: Banca Toscana, Credito Commerciale, Montefibre, Sondel and Sim. Madrid, the other main bourse open yesterday, fell in quiet trading with utili-

ties leading the decline. Telecommunica-

tion issues were also easier.

Milan bourse settlement problems,
Page 22

AUSTRALIA

SPECULATION ahead of the next experience in the BHP takeover battle because we tivity in Sydney, where prices frame slightly.

The market expects a new had to emerge before the end of the week to counter Mr Robert Helmes a Counter AS9 20 takeover offer for the large Moustrial group. Bell resources par on the parent company, was steady at ASK to BHP rose 6 cents to AS8 28.

Elders IXL, which holds 20 per cent. of BHP, is also expected to make a move. May advanced 5 cents to ASA 45.

Banking issues drifted knower.

HONG KONG

WIDESPREAD profit taking by local institutions hit Hong Kong and lorest a 22.06 drop in the Hang Seng index 10 1.765.02 although turnover was relative

Property issues were unsettled by a Hongkong Bank economic report saying that the local property market was due to enter a period of consolidation.

Cheung Kong slipped 20 cents to HK\$20.20, Hongkong Land lost 5 cents to HK\$6.10 and Sun Hung Kai Properties eased 20 cents to HK\$12.20.

SINGAPORE

INVESTORS crept back to the sidelines following last week's firmer showing in Singapore and prices ended the day mixed.

Some profit-taking was encountered among industrial issues and banks, while hotels and properties were only lightly traded.

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SOUTH AFRICA

THE LOWER gold price brought nervousness to Johannesburg and prices drifted slightly lower.

Driefontein lost 25 cents to R34.56. South Roodepoort was steady at R3.00. while Buffels gained 75 cents to R71.60. Rembrandt, the tohacco group, was 50 cents lower at R57.50.



Where else but in the air can you truly appreciate the safety of your business jet? If it takes you through storms, ice, high altitude turbulence without having to alter its speed or course, it is because it has been built exceptionally strong to weather the toughest conditions and more; this is where it differs from its competitors. The only business jet built alongside some of world's best performing military aircraft had to offer more-safety and strength to airline standards and beyond. You've chosen total safety and reliability. You're flying the Falcon 100.

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unequalled safety and ease of handling at low speeds. The slower a landing, the safer it is. Only two business jets are as slow as the Falcon 100; one is just slow, in the cruise too, the other is a further Falcon model. Ease of handling for the pilot, safe use of many short and difficult runways off-limits to other jets. You've chosen the leading edge in safety and performance. You're flying the Falcon 100.

And moneywise the Falcon 100 guarantees you the best possible protection for your investment, especially in terms of its resale value, universally recognized and appreciated by operators. You've chosen a safe and solid value. You're flying the Falcon 100.

Safety, performance, high resale value - all

advantages that explain why industry's leaders — including IBM, Sony, Rank Xerox, Saab, Volvo and many more — have chosen the peer-less Falcon 100.

Dassault International

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Please send me the Falcon 10 1 would like a sales presenta	30 color brochure.	F.
Name/Tide		
Company	-	
Address		-
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Zip	Phone	—
Now flying a		
Please return this coupon to 27 rue du Professeur Pauche 1 Tel. (33.1) 4741 7921 - Telex	Mr. Paul Delorme, Dassault Interna 2 - 92420 Vaucresson - France. 203 944 Amadas.	tional
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_Business takes off with Falcon.



